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ESTABLISHED 1887

Greek Tanker Attacked

Iranian Gunboat Blamed in Raid; No One Injured

LONDON — A Greek tanker came under attack Tuesday in the Gulf, apparently from an Iranian gunboat, but no casualties were reported, Lloyd's Shipping Intelligence said.

Gorbachev's Absence Ends After 52 Days

MOSCOW — After an uncharacteristic 52-day absence from public view, Mikhail S. Gorbachev was back at work in the Kremlin on Tuesday, meeting with a French delegation and looking tanner, slimmer and in good humor.



Mikhail S. Gorbachev addressing a French delegation in Moscow on Tuesday.

Reagan Exhorts Bonn, Tokyo to Show Courage in Growth Policy

By Hobart Rowen
WASHINGTON — President Ronald Reagan, capitalizing on his decision to sign legislation Tuesday reinstating U.S. budget deficit targets, called on West Germany and Japan to show "the same political gumption" by taking steps to stimulate their economies.

In the Glasnost Debate, 2 Conservatives Speak Out

By Celestine Bohlen
MOSCOW — In the debates now raging among the Soviet elites about history, culture and how far to take Mikhail S. Gorbachev's new policy of openness, conservatives have found two vocal allies in Yegor K. Ligachev, second only to Mr. Gorbachev in the ruling Politburo, and Viktor M. Chebrikov, head of the KGB security police.

Some Moscow intellectuals view these statements by top leaders with concern, bordering on alarm, while others see them as a natural extension of lower-level debates at public meetings, in the press and among increasingly fractious literary circles.

Also Tuesday, Iraq sent warplanes 500 miles (900 kilometers) into Iran, bombing an arms factory near Tehran and the Neza power station near the Iran-Soviet border, an Iraqi military communique said.

Worldwide Nutrient Tests Raise Hopes of Preventing Cancer

By Jane H. Brody
NEW YORK — Tens of thousands of people in the United States and abroad are taking nutrient supplements in unusual experiments that, if successful, will usher in a new era in the war against cancer: chemoprevention.

Nearly two dozen studies are under way. Although they are two to five years from completion, Dr. Peter Greenwald, director of the institute's Division of Cancer Prevention and Control, said he believed chemoprevention had "real promise" for reducing the incidence of cancer in the United States.

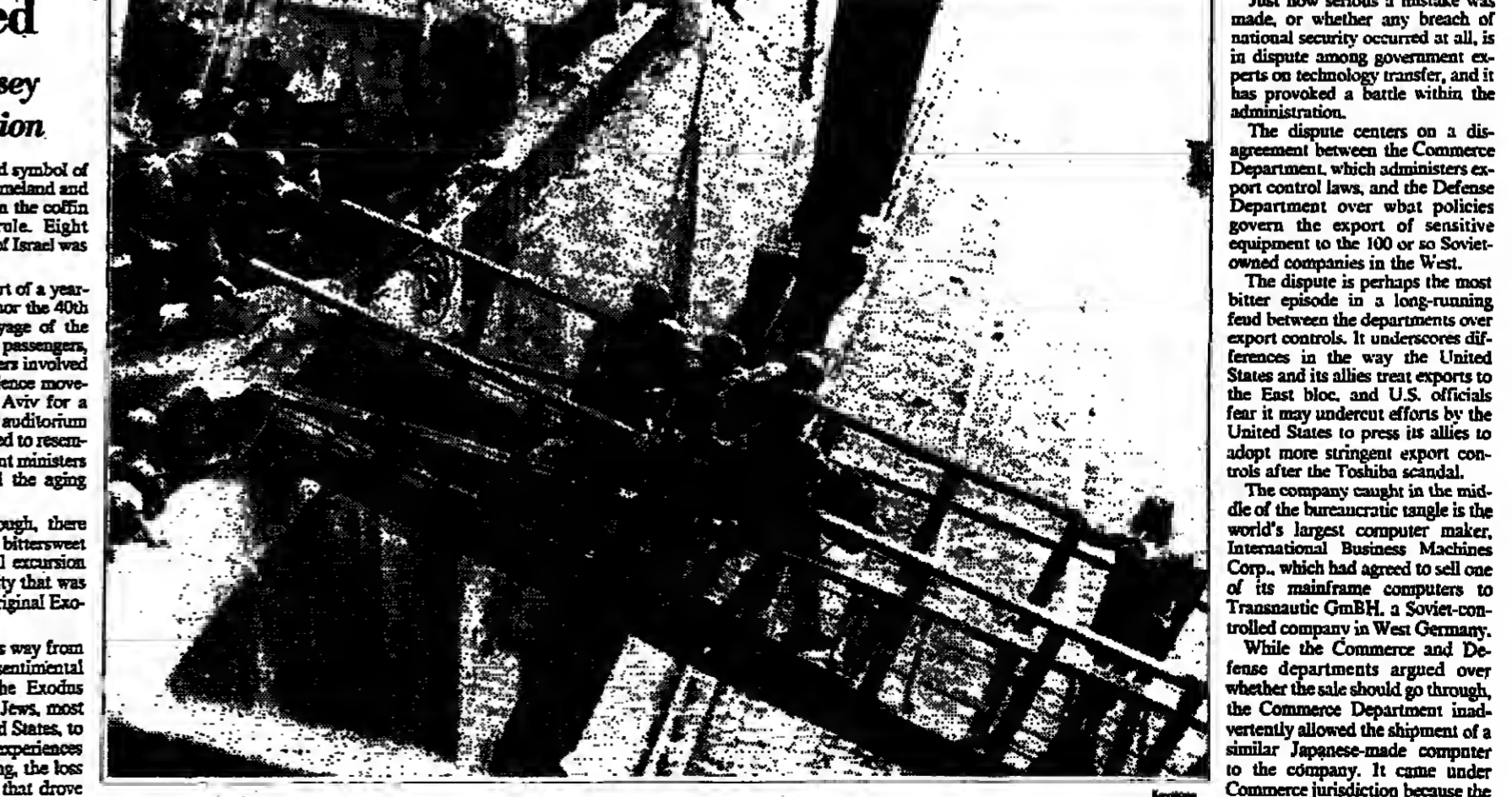
Evidence points only to a possible preventive role of nutrient supplements, not to any ability to cure existing cancers.

High-risk individuals. Asbestos workers who smoke and have evidence of asbestos-caused lung damage are testing the ability of beta-carotene and vitamin A to prevent lung cancer and mesothelioma, a cancer that arises in the wall of the chest or abdomen.

Klosk
U.S. Is Suspending Aid to Pakistan
WASHINGTON (NYT) — Congress has suspended aid to Pakistan for six weeks to allow time to determine what to do about Pakistan's apparent effort to develop nuclear arms.

Exodus Remembered

Jews Gather to Mark 1947 Odyssey That Helped Force Israel's Creation
By Glenn Frankel
WASHINGTON — The sun had just risen but it was already hot in the south of France, Noah Klieger remembers, when people started piling out of trucks and into the improbable vessel of their deliverance, a decrepit Chesapeake Bay cruise ship called the President Warfield.



Jewish refugees being taken from a British ship in Hamburg after the Exodus was prevented from landing in Israel.

Henry Ford 2d, the auto-maker, died in Detroit on Tuesday at 70.
GENERAL NEWS
Fiji's coup leader has decided to leave the Commonwealth and declare a republic.
BUSINESS/FINANCE
Salomon Brothers has turned down a Revlon offer to buy a substantial stake.

AMERICAN TOPICS

Chicago Is Haunted
By Ghost of Capone

Al Capone went to prison more than half a century ago, but an unending flow of books, articles, television dramas and films, including the current hit movie "The Untouchables," has kept the world aware of Chicago's gangland days.

Neal Ball of the Chicago tourist bureau says this "bang-bang" image is keeping foreign tourists away. Chicago draws barely 300,000 international travelers a year, about 10 percent as many as New York.

Mr. Ball says part of the problem may be Chicago's mid-continent location. But he told the New York Times that Chicago should either put its bang-bang image "behind us, or let's package it." He says, "When the Japanese go to Texas" to see cowboys. "Texas shows them cowboys. The least we can do in Chicago is have a museum of crime and corruption."

Mayor Harold Washington himself says with a grin that he longs for the day that people who reply "Al Capone — rat-a-tat-tat" when they meet someone from Chicago will ask instead, "How's Harold?"



JURY AWARD IN SLASHING — Marla Hanson, a New York model, was awarded \$78 million in damages by a jury in Manhattan for a razor attack last year in which her face was permanently scarred. Her two attackers, however, and the man who was convicted of hiring them said they had no money to pay Ms. Hanson.

Short Takes

Four of the five largest U.S. fast-food operations — McDonald's, Burger King, Kentucky Fried Chicken and Wendy's — have agreed to stop using containers made with chlorofluorocarbons, chemicals that scientists say hurt the Earth's ozone layer. The environmental group Friends of the Earth said only the Roy Rogers chain had not responded to its appeal.

A defense attorney for Bernhard H. Goetz, New York's so-called subway vigilante, said the city probation department had recommended a sentence of no prison time for his client. Mr. Goetz, 39, was convicted in June of a felony gun charge, which carries a maximum seven-year sentence, but was cleared in the 1984 shooting of four teen-agers. He said he thought they were going to rob him. The probation report is not binding but often carries considerable weight. Sentencing is set for Oct. 7.

The rich and the poor give proportionately more to charity than the middle class, according to an

academic study in which the U.S. Treasury participated. An analysis of federal tax returns for 1971-75 showed that taxpayers making \$5,000 to \$10,000 a year gave 3.5 percent of that to charity. Those earning \$20,000 to \$50,000 gave 2.2 percent while those with incomes of \$1 million or more averaged 6.4 percent.

The industrial city of Bridgeport, Connecticut, held an essay contest on its tourist attractions, such as they are, and awarded first prize, a free weekend in town, to Jim Bahoosh, who wrote, "Picnics in a field of waist-high wildflowers? Telling lies by firelight in the midst of cascading mountains? Slipping upstream, ankles icy, sun soaking into your tanned shoulders? Hah! No way. This is allergy season. Send me someplace where nothing grows. Send me to Bridgeport."

Notes About People

Elizabeth Taylor is the star of a \$10 million promotional campaign for a new perfume, "Elizabeth Taylor's Passion," by Parfums International of New York. Miss Taylor, 55, who has been married seven times, was asked at a Washington promotion, "What made you decide to get into the Passion business?" The actress replied, "I've been in that a long time. You mean the perfume business."

Alexander M. Haig Jr., who is seeking the Republican presidential nomination, presented Washington reporters with Chinese fortune cookies. Inside were such messages as "Cookie is Delectable, Haig is Electable" and "Your Next Visit with Al and Pat Haig will be at 1600 Penn. Ave.," the address of the White House. —ARTHUR HUGBEE

Israeli Request Called Key to U.S.-Iran Arms Deals

By Walter Pincus
Washington Post Service

WASHINGTON — In May 1985, the White House secretly approved an Israeli request to send Iran a one-time shipment of artillery shells or artillery pieces to begin what eventually grew into the Iran-contra affair, according to testimony released by the House-Senate investigating committees.

In closed-door testimony that was made public Monday, a former National Security Council consultant, Michael A. Ledeen, related that then-Prime Minister Shimon Peres of Israel, in a May 1985 meeting, told him of Iran's request for the military equipment but that "Peres would not do this unless he had explicit American approval for it."

At the time, U.S. policy, under Operation Staunch, was to discourage the sale of arms to Iran in hopes of getting that country to agree to end the Iran-Iraq war.

Within a week, Mr. Ledeen told the committees, Robert C. McFarlane, then the president's national security adviser, told him "to inform the Israelis that that was okay, but just that one shipment and nothing else."

Two months later, however, according to Mr. Ledeen's account, another Israeli representative, Mr. Peres talked to him about a suggestion that U.S.-made TOW missiles could be sold to Iran as part of a plan to release U.S. hostages held in Lebanon and establish a new relationship between Tehran and Washington.

By October, Mr. Ledeen testified, the Israelis were discussing with him the possible use of profits from the sales to pay an Iranian official who wanted to change the government. He said the Iranian middleman in the deal, Manucher Ghorbanifar, had paid the official \$300,000 from his share of the first arms sales.

In addition, the official, whom Mr. Ledeen described as wanting to change the Iranian regime by parliamentary means, asked for small arms, automatic rifles and possibly silencers so that he could "protect him and his allies."

Later that month, Mr. Ledeen said, the Israeli gave him a Swiss bank account number to be used to handle these expenses.

Mr. Ledeen's testimony, given to the committees in four days of closed-door questioning, provided other new details on how the Iran arms initiative began.

The disclosures include Mr. Ledeen's recollection that Mr. McFarlane told him twice that President Ronald Reagan had approved the initial Israeli shipments of U.S.-made TOWs before they were sent. Mr. Reagan told the review board headed by former Senator John G. Tower that he could not remember when he approved the deal, and his chief of staff at the time, Donald T. Regan, has testified that the president did not learn of the shipments until after they had occurred and the Reverend Benjamin Weir, a hostage, was released.

Mr. Ledeen insisted to the committee that after the initial arms shipment, he opposed the idea of arms for hostages but could not get other officials to back that stance. He said William J. Casey, then the CIA director, told him in December 1985 that although he agreed it was important to work to change the Tehran government, "We have to do the hostage matter first."

He also told how he met with David Kimche, director of the Israeli foreign ministry, on Aug. 20, 1985, to work out codes for use in delivery of hostages after the first 100 TOWs were delivered.

He then recounted that when no hostages appeared, another meeting was held in Paris on Sept. 4, where Mr. Ghorbanifar said the weapons had fallen into the hands of the wrong forces and the second shipment, this time 400 TOWs, would have to be sent before any release.

Weinberger Doubts CIA Book Claim

The Associated Press

WASHINGTON — Defense Secretary Caspar W. Weinberger said Tuesday that he did not believe that Bob Woodward could have had a scribed interview with William J. Casey, the late CIA director, as described in Mr. Woodward's book on the agency.

"I telephoned from time to time to the hospital," Mr. Weinberger said, adding that Mr. Casey's wife, Sophia, "would always tell me that it was not possible for Bill to talk to that man who would appreciate the fact that I called."

"The security, not only of his wife and family who were there with him all the time, but of the CIA itself, which is very close and very tight, I think that would've made that kind of thing just impossible," Mr. Weinberger said on an ABC television news program.

Mr. Casey's daughter, Bernadette Casey Smith, appearing on the same show, said Mr. Woodward "never got the described confession" concerning Mr. Casey's involvement in the Iran-contra affair.

Mr. Woodward's assertion that Mr. Casey knew about the diversion of Iran arms sales profits to the Nicaraguan rebels also was questioned by a doctor quoted in a Washington Times newspaper article published Tuesday. The doctor reportedly said Mr. Casey was so impaired after his brain surgery that he could not have responded to Mr. Woodward's questions.

Mr. Woodward, an assistant managing editor of The Washington Post, describes the interview in his book, "VEIL: The Secret Wars of the CIA, 1981-1987," which went on sale Monday. Mr. Woodward said that when he asked Mr. Casey if he had known of the diversion, the ailing CIA director nodded in affirmation.

Mrs. Casey has disputed the account, saying she and other family members were with him 24 hours a day while he was hospitalized and that Mr. Woodward did not speak with him. Mr. Casey died in May.

"I stand by everything in the book," Mr. Woodward said Sunday, "including the visit I made to Casey's hospital room when I talked to him as described."

Mr. Woodward has said he was able to enter Mr. Casey's room briefly with the help of a "source" at Georgetown University Hospital.

Poland Rejects U.S. Call for Change

By John Tagliabue
New York Times Service

WARSAW — Poland on Tuesday flatly rebuffed U.S. urging that it take steps toward economic and political pluralism, such as establishing independent trade unions, as a way of improving relations between the two countries.

Jerzy Urban, the government spokesman, rejected the idea that applying Western economic models would aid Poland.

"We are realistic," Mr. Urban said at his weekly news conference. "We know the dramatic economic situation prevailing in other politically and geographically close allies of the United States, who are applying American political solutions, such as political pluralism, and who have economic systems similar to the United States."

The rebuttal of the U.S. appeal, which was delivered Monday by Vice President George Bush in a live, uncensored television appearance, followed a U.S. decision to help reschedule debt to Western governments.

Noting that the Polish government regarded Western assurances on its debt as "a first step on a constructive road," Mr. Urban said: "We are not asking for help, we are only asking for the normal treatment of Poland in international economic cooperation."

The clear public rejection came even before Mr. Bush left Poland. The vice president spent the day touring sites near Krakow.

At a news conference Tuesday morning, Mr. Bush summarized the experience of his four-day visit by saying he had "the distinct feeling that Poland has come out of a very difficult time, and that things are moving forward."

In his television appearance, Mr. Bush linked further improvement in U.S.-Polish ties to meaningful steps toward political and economic change, including the establishment of "self-governing organizations" for "the protection of workers' interests."

At his news conference, Mr. Urban said Poland envisaged the establishment of "socialist pluralism" within its economic and political system.

Asked whether such pluralism would permit reinstatement of independent labor unions, as Mr. Bush urged, he said, "We remember the times when such pluralism was set up in Poland, in the 1980s, and union pluralism existed."

Referring to the short-lived flourishing of Solidarity, he said: "This concrete experience is an experience that we assess negatively."

"The development of political life in Poland and of socialist pluralism," he said, "will not travel the road of resurrecting the long-dead political structures of 1980 and 1981, and particularly those that conducted confrontational policies and created for the country the dramatic situation that made it necessary to impose martial law."

The government's rejection of the U.S. appeal appeared to reflect disappointment over its failure to elicit a stronger commitment for aid in obtaining loans.

BAUME & MERCIER
GENEVE

avant-garde
Olefin, water-resistant

Aldebert

A Paris: 16, place Vendôme — 1, bd de la Madeleine
70, 1g Saint-Honore — Palais des Congrès, Porte Maillot
A Cannes: 19, La Croisette

The expectations of our passengers
are too diversified
for a simple two-class system.

That's why, at a time when practically every other airline is cutting back its service on European routes to two classes, Swissair continues to offer three on all its aircraft. Not only long distance but also throughout Europe. There's an Economy Class for those who want to fly with the minimum of expense, a Business Class for business people who want a degree of exclusivity and a First Class for those who seek the utmost in luxury. But the real luxury is the choice itself. Because no matter what you expect from a flight, you have the chance to enjoy it on Swissair, to over 100 destinations worldwide. And that, indeed, is traveling in a class all its own.



سكنا من الرحيل

Schroeder Explains Decision on '88

The Associated Press

DENVER — Representative Patricia Schroeder said Tuesday that her late start, some voters' bias against women candidates and slower than hoped-for fund raising all played a part in her decision not to seek the 1988 Democratic presidential nomination.

Speaking on the "CBS Morning News," Mrs. Schroeder, of Colorado, said that the money troubles stemmed from her late emergence as a potential candidate, rather than being a woman.

However, she also said she had realized from public-opinion surveys that there was a core of voters who would never accept a woman candidate.

"I think the bottom line is this: People keep forgetting it's not one

man, one vote," she said. "It's this whole really incredibly convoluted delegate system, of which there are papers stacked to the ceiling trying to figure out how to do it in each state. And it's really too late to get into that process."

On being the only woman among both parties' hopefuls, Mrs. Schroeder said:

"If you start with a hard core that say, 'I'll never vote for a woman. I don't care who she is, and you're starting late on top of that, and then you don't — the money comes in but it's coming in slow, or not as fast as you'd like, you can't jump-start the campaign, and that's exactly what we've asked at the very beginning."

Mrs. Schroeder did not announce her support for another

candidate, saying that she had not had time to think about it.

The senior woman in Congress, whose biting wit hit some of the Democratic candidates as often as it did President Ronald Reagan, announced Monday that she would not enter the race because "I could not figure out how to run and not be separated from those I served."

Mrs. Schroeder, 47, who pinned the term "Teflon president" on Mr. Reagan and who has referred to the announced Democratic contenders as "a bowl of upset Jell-O," urged her supporters to "build on gains we have made and not lose them."

Pat Murphy, the president of the New Hampshire chapter of the National Organization for Women, said that Mrs. Schroeder had appealed to feminists, peace groups and military families, the latter be-



Patricia Schroeder

cause of her efforts in their behalf as a member of the House Armed Services Committee.

"She attracts people who are not traditional Democratic Party activists," Ms. Murphy said.

Rights Group Accuses Soviet of Prison Abuses

Reuters

LONDON — Soviet political prisoners face harsh treatment and grueling labor in camps and prisons despite Mikhail S. Gorbachev's social reforms, the human rights group Amnesty International said Wednesday in its annual report.

The organization's report for 1986 also criticizes the United States for sentencing juvenile offenders to death.

Governments in South America, Asia and Africa have similarly stepped up the use of capital punishment and torture, it said.

Executions, amputations, torture and detention of political prisoners are widespread in the Middle East and North Africa, it said.

Iran and Iraq were listed among the worst offenders, with a great number of executions and inhuman punishments.

"The organization recorded a number of cases of stoning to death, amputation of fingers, mutilation and flogging carried out as forms of judicial punishment," Amnesty International said of Iran.

In Iraq there were widespread arbitrary arrests, the detention of hundreds of political prisoners and routine torture by the security forces, it said.

Amnesty International welcomed moves toward openness in the Soviet Union in a year when Moscow showed a more liberal face to the West by ending the internal exile of the dissident physicist, Andrei D. Sakharov.

Fewer people were arrested for

political offenses, but the treatment of inmates remained harsh and arbitrary, the report said.

"Prisoners were kept on monotonous, meager rations, with only rudimentary medical care and had to meet excessively high work targets often involving heavy physical labor," it said.

Soviet judicial officials have promised reforms in the country's legal system. Some have hinted that a law allowing a 10-year labor camp sentence for "anti-Soviet agitation" may be eliminated.

But Amnesty International said that in 1986 at least 11 people were imprisoned under the law. Thirty others were convicted of the less serious crime of anti-Soviet slander.

The group condemned the use of the death penalty.

The United States was accused of holding at least 32 people under sentence of death for murders carried out when they were under 18.

The organization cited the case of James Roach, executed in the electric chair in South Carolina for two murders committed when he was 17. It said that the trial judge had found that he was mentally retarded but that the governor had refused clemency.

China also made widespread use of the death penalty, and local officials did not shrink from torture and arbitrary brutality, Amnesty International said.

The report referred to a local party secretary who was alleged to have ordered the torture of 17 vil-

lagers on suspicion of stealing a part of his bicycle bell.

In South America, Chile's government developed a "new strategy of terror," using undercover squads to kidnap and kill political opponents, the group said.

The Amnesty International report complained of increasing re-

luctance by many countries to grant asylum to refugees.

It said several Spaniards of Basque origin had been returned to Spain despite their pleas that they were political refugees.

Finland returned Soviet citizens after they had tried to claim political asylum, the group said.

RIVALRY: Conservatives Speak Out

(Continued from Page 1)

ble than usual in recent weeks. He has been filling in for Mr. Gorbachev, who had been out of public sight since Aug. 7 until he reappeared on Tuesday.

In the past month Mr. Ligachev, who as the Communist Party's second secretary behind Mr. Gorbachev oversees the work of the huge party apparatus, has kept his profile high, chairing a meeting on problems in the Soviet tea industry, meeting with a leader of France's Socialist Party, speaking to teachers on educational reform and gathering media leaders for a discussion of preparations for the November celebrations of the Soviet Union's 70th anniversary.

History is a favorite theme of his, and it is on this subject that his remarks have had the most impact. Since early this year he has repeatedly warned against emphasizing only the dark periods of Soviet history while ignoring the achievements.

For Soviet readers, the remarks signal a thinly disguised criticism of the growing public re-examination of Stalinism.

and achieved new heights in cultural development, education, literature and art. This is an indisputable fact."

Such a defense of Stalinism, coming at a time when agricultural collectivization is again being acutely debated, was seen by many as cutting across lines set by Mr. Gorbachev and a newly elevated Politburo member, Alexander N. Yakovlev, who shares responsibility for ideology with Mr. Ligachev.

In the speech, Mr. Ligachev also defended the Brezhnev era, now usually referred to in Soviet shorthand as the period of stagnation. He called the Brezhnev years of the 1960s and 1970s a time of progress, particularly in western Siberia, where he served as party leader.

Last week, according to literary sources, Mr. Ligachev rebuked Yegor Yakovlev, editor of the weekly Moskviyskiye Novosti, for publishing an obituary of Viktor P. Nekrasov, a writer and dissident who emigrated to Paris.

U.S.-Soviet Talks On Arms Sought

Washington Post Service

WASHINGTON — Secretary of Defense Casper W. Weinberger has invited his Soviet counterpart, Dmitri T. Yazov, to Washington for discussions in early October on arms control and other topics, according to Pentagon officials.

If General Yazov accepts, it will be the first meeting between top military officials of the two superpowers, the Pentagon officials said Monday.

They said no reply had been received to Mr. Weinberger's Sept. 22 letter to General Yazov. But the officials expect such a meeting to occur because Foreign Minister Edvard A. Shevardnadze supported the idea during discussions with U.S. officials two weeks ago.

EXODUS: 1947 Voyage Recalled

(Continued from Page 1)

them 40 years ago to attempt the impossible and to succeed.

"I was so proud to be part of it," recalled Ephraim Menaker, an Exodus crew member, who along with his wife, Fira, was on Monday's voyage. "I was no Zionist, but I knew after the war that my place was here in Israel and not anywhere else. At that time, the Jews were looking for a homeland. Today the homeland is looking for Jews."

Mr. Klieger, an Auschwitz survivor whose tattooed concentration camp number is still visible on his wrist, was then a romantic 20-year-old looking to hook up with a girlfriend in a British detention camp on Cyprus.

Now he is a hard-bitten journalist for Yehudi Alonot, Israel's largest daily newspaper, and he, too, wonders what happened to the dream. The fact that most Jews have remained in the diaspora bewilders and angers him.

"It was only 40 years ago, but it feels like 4,000," he said. "We created a country, not just for us but for the whole Jewish people, but the whole bloody people doesn't want us."

Answers were easier back in those days.

The British, rulers of Palestine by mandate since the close of World War I, were weary and about to cut their losses.

The Mossad, not the slick Israeli super spy agency of today but a group of ragged, desperate Zionist patriots, was frantically combing the ports of Europe and North America for cheap boats for the high-risk run to Palestine.

More than 60 eventually made the trip, carrying more than 90,000 Jews, the backbone of the modern Jewish state.

Mossad agents purchased the President Warfield in Baltimore in November 1946. It was named for Solomon Warfield, president of the Old Bay Line and an uncle of Wallis Warfield Simpson, the duchess of Windsor.

The flat-bottomed, four-decked ferry navigated the choppy Atlantic and for months wandered from port to port in Europe under the watchful eyes of British intelligence. Sympathetic French immigration officials in the port of Sète at last allowed the boat to hook up with its passengers.

Mr. Klieger was quickly drafted to be a member of the mostly American crew and was let in on their plan. The idea was to chug slowly toward the Palestine coast, then break loose near Haifa and outrace their British escorts to the shore.

But the British had other ideas. Six days out of port and 12 miles (20 kilometers) from shore, British sailors boarded the Exodus, setting off a pitched battle in which three Jewish crew members were shot to death and hundreds were overcome by tear gas.

After the boat was rammed, the passengers finally surrendered and were transported to Haifa, only to be reloaded into three British prison ships and returned to France.

Britain wanted France to take back the Jews in order to discourage future attempts.

But a young French cabinet minister named Francois Mitterand announced that the government would not force the passengers to

leave the ships, and the passengers themselves refused.

"None but dead men will land here," said a spokesman.

For 19 days the British kept the passengers aboard the ships outside Port-de-Bouc in desperately hot, disease-ridden conditions, playing a waiting game while world opinion inexorably built against London.

A French newspaper dubbed the ships a "floating Auschwitz." Five babies were born on board and one died.

Finally, after an emergency British cabinet meeting, the ships departed for Hamburg. The spectacle of 4,500 Jews being forced to disembark in Germany, the heartland of the Holocaust nightmare, added to the poignancy.

"The British plan was the right plan," says Mr. Klieger. "It took everything into consideration — but one thing — the spirit of 4,500 people from the death camps who didn't even consider giving up."

Within a few weeks, a special United Nations committee had recommended immediate freedom for Palestine and its partition between Arabs and Jews. The British left and the Arab-Israeli war began.

As for the passengers of the Exodus, consigned to two displaced persons camps in Germany, all eventually made their way to Israel within six months of its birth in May 1948.

The ferry rusted in a corner of Haifa's port until it was towed out to sea and allowed to sink.

Monday's ferry was not much of an improvement over that early boat. There was plenty to drink and eat, but the lone toilet soon was overflowing. The young passengers sat listlessly baking in the Mediterranean sun as the boat headed south.

They are in Israel working on kibbutzim or attending Hebrew-language classes, and many are weighing whether to emigrate to a society whose idealism sometimes seems to have been overwhelmed by too many wars, too many promises and an overdose of cynicism.

"We need to find some way to connect with these kids, to make them understand what Israel can be," said Reuben Surkis, an official of the World Zionist Organization, which organized the outing.

"We thought if they learned about the struggle for Jewish independence, it might help."

Many of the young people seemed interested in Monday's effort, but some said they were tired of being lectured to, tired of being made to feel guilty for not living in this difficult land.

"I usually go get the same spiel," said Nigel Brocksam, 25, a social worker from London. "You get some guy from the Jewish Agency telling you what to think."

Mr. Klieger is pessimistic. "People are so cynical about Zionism and about Israel," he said. "This trip won't change anything."

Still, he smiled when he recalled the incredible days 40 years ago when a seeming defeat — the failure of the Exodus to evade the British ships and get to Haifa — turned into a major victory.

"If we had succeeded in doing what we set out to do, we would have disappeared into history," he said. "Instead, out of sheer luck, we failed and we became what we are."

DOONESBURY

USA TODAY: A STATE OF MIND IN SEARCH OF A HEARTBEAT!

WHERE? = IDAHO. = GEORGIA. = ILLINOIS. = 47 OTHER STATES. HOW? = BY BUS. WHO? = USA TODAY TOURNER. ALL NEUKARTH. STAFF: ANY? = TO TAKE PULSE.

NEUKARTH'S DISPATCHES REVEAL A COMMON TOUCH AND LOVE OF COUNTRY NOT SEEN SINCE ANOTHER FAMOUS TOURNER, GEORGE MURKINSON!

OTHER SIMILARITIES: = BOTH MEN HAD A VISION = BOTH HAVE BUSTS OF THEMSELVES IN THE WASHINGTON AREA.

Locations: Lobby of USA Today Bldg (How to get there, p. 42) Locations: Lobby of Congress

FOCUSING ON FUTURE BUSCADES: DON'T COUNT THEM OUT

"At Lufthansa, you never stop learning."

This is an authentic passenger statement.



Lufthansa

Henry F...

By John Holus...

DEATH NOTICES

MIE AND IRENE DAVID...

HYUNDAI

The Hyundai

Kinnock Urges Party to Learn From Defeat and Change Policy

By Karen DeYoung
Washington Post Service
BRIGHTON, England — The Labor Party leader, Neil Kinnock, called Tuesday on his party to learn the lessons of a third straight electoral defeat and to modernize its policies to appeal to a broader portion of the electorate.

The argument is between those who maintain that what is needed is a move further to the left and the majority who believe, with Mr. Kinnock, that the only way forward is to analyze why Labor has failed to attract new voters, or even keep many of its old supporters, and change policy accordingly.

Part of Labor's problem has been that the bedrock of its support, Britain's traditional working class, is shrinking, with employment decreasing in heavy industry while it increases in service and high-tech industries.

However, the party's leftists have found it increasingly hard to argue with electoral figures showing that less than half of all semiskilled and unskilled workers, and an even smaller percentage of labor union members, voted for Labor.

Many of those workers believe that they have benefited from Mrs. Thatcher programs, which have allowed them to purchase the public housing units in which they live and which have offered some of the country's largest state-owned enterprises for sale to anyone with the money to buy a single share.



Residents of the neighborhood in Medellin, Colombia, that was destroyed by a landslide await news of family members as rescuers search for survivors and bodies of victims.

Colombia Landslide Toll Put at 300

MEDELLIN, Colombia — Rescue workers searching for bodies buried under a landslide that crashed down a mountain into a poor neighborhood here estimated Tuesday that the death toll had risen to 300, but the mayor feared it could reach 500.

The landslide crushed about 60 houses near Sugar Loaf mountain in a shantytown in Medellin, Colombia's second-largest city.

The mayor said firefighters, civil defense workers and the Red Cross had been working for three days to find survivors and the bodies of victims.

Taiwan Reporters Find China 'Strange' and Sad

By Nicholas D. Kristof
New York Times Service
TAIPEI — For the last two weeks, a newspaper here has been publishing accounts of a neighboring land where people look familiar but live in different, and sad, circumstances.

The Independent Evening Post, a major Taiwan newspaper, has defied a government ban on travel to mainland China by sending two reporters to roam the mainland and report their impressions.

The two reporters, Lee Yung-tah, 33, and Hsu Lu, 30, arrived in Beijing on Sept. 14.

It was like a different world," they said in a dispatch shortly after arriving in Beijing. "The streets were lined with the crude shops that you would not see in the remotest parts of Taiwan. They were selling the most old-fashioned goods and clothes imaginable."

So far the two journalists have embarrassed both Taipei and Beijing, and their trip is regarded in Taiwan as a milestone in the evolution of the government's policies and in the way China is portrayed in Taiwan's press.

South Africa Floods Kill at Least 50

DURBAN, South Africa — Heavy flooding caused by five days of record rainfall has killed at least 50 people in Natal Province, police said Tuesday.

The weather bureau said Durban had received 15 inches (38 centimeters) of rain since Friday, breaking the record for September set 100 years ago.

There, troops were also sent to help evacuate the town, where a state of emergency was declared.

Australian Court Rejects Extension Of Spy Book Ban

CANBERRA, Australia — Publication of a former counter-espionage agent's memoirs apparently can begin in Australia after a judge Tuesday rejected Britain's attempt to prolong a ban on the book.

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BUSINESS TRAVEL

MIDDLE EAST BANKING AND FINANCE

Arab banking continues to modernize and expand at an impressive pace despite the Gulf crisis and is now an integral part of the world financial scene. In response to global securitization, many Arab banks have found partnerships in the main financial centers.

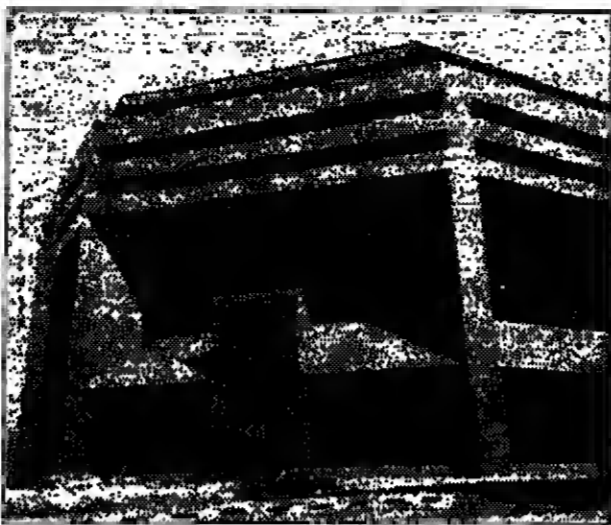
THE Gulf tanker war has altered public perceptions of the Middle East risk, but for international banks it is still very much business as usual. "We're doing very cordially with the Iranian banks," said a distinguished British banker at a meeting of the London-based Middle East Association, whose members trade actively with the region. In London, trade finance terms for Iraq are tighter than for Iranian importers, whose clearing base is Dubai, an Arab Gulf city with a population of more than 80,000 Iraqis.

The fundamentals affecting Arab banking have more remote roots than the immediate Gulf crisis. The Arab banking community is now an integral part of the world financial picture. It even has its place on the regular cocktail party slot at the International Monetary Fund World Bank annual meeting — the Gulf International Bank (GIB) reception being an opportunity to meet the mandarins of Arab banking. In the past 15 years Arab banks have grown spectacularly both in numbers of institutions and in sophistication.

In response to global securitization, Arab banks have been forced, sometimes unwillingly, to strengthen their worldwide networks. Since securitization and internationalization go hand-in-hand, Arab banks have found partnerships in most of the main financial centers. They have also gone to "junk holes" and to the more exotic tax havens, although since few of the major Arab banks suffer from oppressive tax laws in their domicile, they are often simply "following the leader."

Arab banking is showing an ability to regenerate itself. Just as in Pakistan the Arab banks (Middle East Bank and Bank of Oman from Dubai) have adapted to the new Islamic banking regime and turned in some of the best figures produced by foreign banks, so in Egypt new investment companies operating outside government control, such as the Al Shari' Organization, have posed an exciting challenge to Egypt's bureaucratic nationalized banks.

The health and wealth of the Gulf states, meaning essentially the six conservative Gulf Cooperation Council (GCC) countries (Saudi Arabia, Kuwait, the United Arab Emirates, Oman, Bahrain and Qatar), is still a crucial barometer. According to Gulf International Bank, the gross domestic product of the Gulf countries, in current prices, more than doubled between 1976 and 1983, rising from a level of \$79.4 billion to \$160 billion, with an annual compound growth of about 12.9 percent. Since 1983, GDP has been falling — to about \$126 billion in 1986. The consequences are that in the 1990s the economic structures



The new Kuwait Stock Exchange.

of the Gulf states will be different from those bankers have become familiar with in this decade.

These will be the main characteristics: a more diversified production base away from oil, larger private sector participation in the various aspects of the economy, aggressive world-wide marketing networks for downstream oil products (Kuwait is already doing this under the Q8 logo in Europe), greater regional integration and a more balanced labor market with less dependence on the western expatriate.

This process is already evident at the Jebel Ali Free Zone outside Dubai, where a thriving textile industry exists as an extension of Pakistan's ready-made garment sector. It has also had an impact on banks, which are aiming new products at the Asian rather than the native investor. Said one Dubai banker: "You just can't interest high net-worth locals in mutual funds, but the Asian with \$30,000 a year in disposable income is a good prospect."

The most salient fact is that, over the next few years, the GCC states will increase their refining capacity to around 3 million barrels a day, and will expand vertically through the purchase of marketing networks worldwide. At present almost half the oil produced is traded outside the fixed price system, but by the 1990s about a third of GCC production will be integrated into a market-oriented distribution system. In 1990, GCC oil production will reach an estimated 9 million barrels a day (b/d), around 18 percent of world output; by 1995 the Gulf states' share of world oil

production will rise to 30 percent, ensuring the primacy of the Gulf in world energy output.

None of this suggests that the Gulf will become a financial Sabel, as some nervous in-house bank economists have suggested to justify reducing exposure to the Gulf-based banks. Among positive trends for all banks in the region is the Gulf governments' increasing support for the private sector, rather than for large prestige public sector "white elephants", as well as a growing emphasis on the services sector, especially for health, education, training and technology. Industry is expected to become an important feature of the Gulf economies in the 1990s. Manufacturing is already contributing an average of around 8 percent to total Gulf GDP, but this will rise to 12 percent in 1990 and 15 percent in 1995. A regionally based expatriate representing an abrasives manufacturer said: "My company had ignored the Middle East until recently, now my three best markets outside Europe are Saudi Arabia, Kuwait and Pakistan."

It is worth examining how the strategy adopted by Arab banks is contributing to the overall Gulf picture. A tireless advocate of innovation is Hikmat Nashashibi, chairman of the London-based Arab Bankers Association. He said: "All market participants nowadays have to adjust, not only to thinking globally, but also to becoming security-conscious. Arab banks are no exception." Nashashibi added: "In addition to being global in outlook and security-conscious, Arab participants have an advantage in pursuing a regional-niche strategy based on cost effectiveness."

Lacking a strategy can sometimes prove expensive. One Gulf bank, with an admirable credit rating based on its highly conservative lending policy and access to government deposits, opened a London branch in the spring of 1986. A year later its general manager confessed: "When we looked at London, I regret to say that we rather ignored the impending arrival of the Big Bang, and we now need to rethink things." According to Nashashibi, Arab bankers need to ask themselves what business they are in. He says: "They need to identify which of those businesses have comparative advantages, and whether those advantages can be improved upon. Discovering niches and filling them demands imagination. For the unimaginative Arab banker the future is bleak."

To Costi Chehlaoui, executive vice president of GIB in London, the emphasis for Arab banks should be on "servicing the needs of the Arab businessman and Arab community in London and in the Gulf, rather than to be involved in the highly volatile 'sharp end' of the market." He said: "We know that the best way for us to provide this

service is by developing our own in-house expertise as far as possible, bringing in the technical know-how as and when required, and training young Arab bankers who will be running the business in the future."

In this the conservative habits of Arab investors play a constraining role. Pakistan is a market of 90 million people just over an hour away by plane from the lower Gulf, yet few Gulf-based investors have entered the arena there. "They look for sure and safe guaranteed returns which simply cannot always be delivered," said a Ministry of Foreign Affairs official in Islamabad. Arab investors still have a marked preference for tangible forms of investment, such as precious metals, real estate or simple deposit accounts, rather than stocks or bonds, which are offered by specialized banks and fail to have a broad appeal, except in special circumstances.

Oil production, revenues, population. The GCC states 1985-1995

	1985	1986	1987*	1990	1995
Oil production (million b/d)	6,369	7,864	8,546	9.0	16.0
Oil revenues (\$ million)	51,364	37,932	44,249	73,896	143,538
Nominal GDP growth (%)	-7.5	-11.5	2.0	6.0	10.0
Current Account (\$ million)	569	-8,733	-2,609	10,000	30,000
Total GCC Population (millions)	15.6	15.5	15.6	15.9	17.0
National	8.7	9.0	9.3	10.2	12.0
Expatriate	6.9	6.5	6.3	5.7	5.0

Source: Gulf International Bank July 1987.

Both regional and international expansion has been planned by Kuwait's Alahli Bank which last year opened a full branch in the Gulf Emirate of Dubai and is now moving into London. Like other local banks, Alahli suffered from the aftereffects of the stock market crash but, according to Mr. Abdul Salam A. Al Awadi, deputy chairman, last year's balance sheet "showed more profit than for the previous year." Alahli was one of the first Kuwaiti banks to press ahead with the debt settlement program suggested just over a year ago by the government. "We are really very optimistic about the future now," says Mr. Abdul, whose bank recently increased its capital by 25 percent.

See Banking, Page IV

NEW ISSUE These securities having been sold, this announcement appears as a matter of record only. July 27, 1987



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Banks Expanding Global Links

THE Arab Bank of Jordan, often described as the first Pan-Arab bank, inaugurated three very different centers in 1986: a subsidiary in Australia, a representative office in Tokyo and a branch in Cannes. These moves underscore Arab banking's growing internationalization. The trend began with big banks such as

the Bahrain-based Gulf International Bank (GIB) and Arab Banking Corporation (ABC) and has continued, even as recession hit the Gulf.

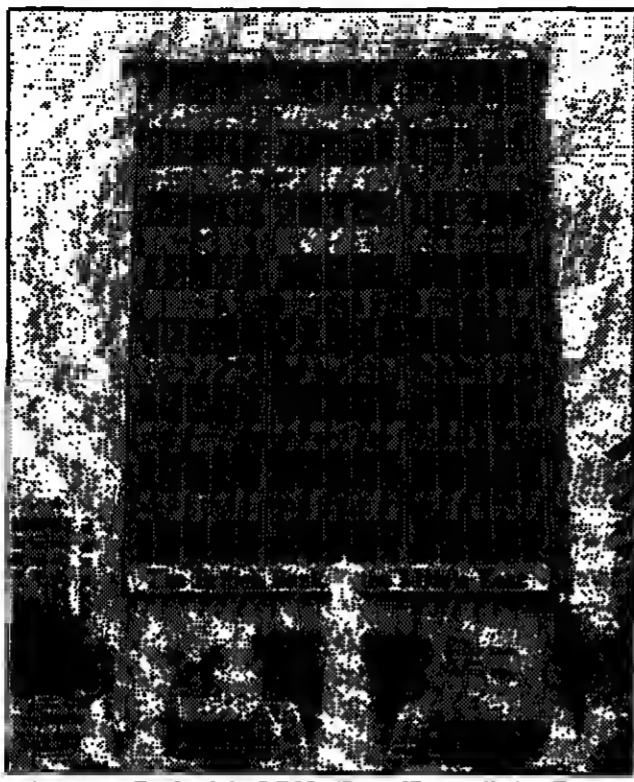
The Arab Bank of Jordan led the way in early 1987 with the announcement that it had been granted a license to operate as a commercial and investment institution in Austria.

In November 1986, Arab Bank's Tokyo office joined those of ABC, GIB and the Jeddah-based National Commercial Bank in Japan. On September 1, Arab Bank celebrated the first anniversary of its wholly owned Sydney subsidiary, Arab Australia.

By June 1987 there were more than 80 separately named Arab financial institutions in London. They include 12 recognized Arab banks and 18 licensed deposit takers.

One relative newcomer is the National Bank of Dubai, which opened in Sloane Street in April 1986. Says managing director Abdullah Mohamed Saleh: "We had felt for some time the necessity of servicing the banking needs in the U.K. of our important customers. As usual, our decision to open was taken after much thought. The fairly rapid build-up of customer deposits in London confirms this assessment. London is a highly competitive market and overheads are high, but we are making satisfactory progress towards profitability."

Two banks to obtain "recognized" status in the past two years are National Bank of Kuwait and the Paris-based consortium bank BAIL. Two Saudi banks, National Commercial Bank and Saudi American Bank, whose minority shareholder is Citicorp, are operating as licensed deposit takers.



The British Bank of the Middle East offices in Dubai, Dubai.

Samba's managing director Shaikat Aziz says that the branch will be involved in treasury activities and make a market in the Saudi riyal. He believes Samba will add a "competitive edge" to the London Saudi riyal market, which has expanded as Bahrain has increasingly been forced to the sidelines.

One casualty appears to be the consortium bank — unless, like the Paris-based Union de Banques Arabes et Francaises (UBAF), it has a distinct rationale. European Arab Bank, set up in the 1970s at the height of the oil boom, was this year removed from the Bank of England's list of recognized banks. This decision followed the bank's own moves to run down operations. Said group general manager Jad-Suidan, formerly with the 15-nation consortium The Arab Investment Company of Riyadh: "The consortium bank was a joint venture for a specific purpose. I don't

see consortium banks as being applicable today — their time has passed."

To survive in today's conditions they need to find new market niches. BAIL has its market in merchant banking, while United Bank of Kuwait is aggressively offering home loans in London as well as foreign exchange and trade finance. Clearly, having global links, or even shareholders in different countries, will not be enough. For Ibrahim Dabdoub, chief general manager of the National Bank of Kuwait, maintaining a real international presence "requires a lot of professionalism, management depth, capital, a loyal client base and a well enunciated corporate culture." He adds: "Changes in banking are so rapid now that non-Western banks will find it difficult to cope. New risk profiles are emerging from the dynamic changes in international banking, something which is more diffi-

cult for national banks like NBK to assess. One constraint is capital, because the cost of building an international communications network is very high."

Dabdoub suggests that some Arab banks may retrench to their home markets. For NBK, the global strategy has included a presence in London, New York, Paris, Geneva, Singapore and Bahrain. Yet when push came to shove and NBK lead managed a KD 30 million (\$106 million) bond issue for the World Bank, it was the bank's 90-branch network in Kuwait that absorbed the issue. NBK markets units as small as KD 20,000 (\$70,800). For bond issues it gets a large number of subscriptions, ranging up to KD 100,000 (\$354,000).

Niche playing is also the theme at Saudi International Bank, which has halved its staff in New York. The branch's foreign exchange and money market operations have been returned to SIB's London headquarters.

Singapore is now seen as a possible base and as an attractive market in its own right. Earlier this year, Kuwait Asia Bank took a 16.3 percent stake in Singapore's oldest stockbroker, Fraser & Company. Gulf International Bank has taken a 24.5 percent stake in the family-owned Singapore stockbroker, Ong & Company.

The Cairo-based Arab African International Bank group, now chaired by Aziz al-Jassar, has had good results from its offshore subsidiary Tunis Arab African Bank, set up in June 1985. Deputy chairman Abdel-Moneim Roushdy, former chairman of the National Bank of Egypt, says the bank aims to penetrate many of the domestic markets in which it operates worldwide. This would appear to be one Arab bank which intends to stay near home.

Investment Companies Offer New, More Flexible Services

IT was supposed to be a secret, and it may well have started with Merrill Lynch, but suddenly every major Arab bank is doing it. Loan swaps have become the latest fashion, as Arab banks play on the nerves of U.S. banks with "Gulf risk" and offer to buy their Saudi or Gulf corporate loans, in return for Latin American and other Third World debt.

The swap market in the Gulf is still in its infancy, with only about a dozen banks participating and a volume of approximately \$30 million; individual transactions rarely exceed \$5 million. To the Gulf-based banks the logic of a Gulf/Latin American asset swap is impeccable. American banks are nervous about "Gulf risk," but Arab banks feel this is something they understand. The Arab banks having gone down the line in Latin America to the tune of some \$4 billion are also looking for relief. Although the discount price of Saudi corporate loans varies widely, some recent swaps have ranked them slightly below Ecuador's sovereign debt, which trades at between 45 and 47 cents to the dollar.

This new opportunity has been seized by the managements at some of the top Arab banks, which are increasingly interested in diversifying into services. When a group of directors/representatives from Merrill Lynch recently toured the Gulf, where they received strong support for both debt and debt/equity swaps.

Innovation may be the key to success, but in the Gulf, innovators must proceed with caution. In April, the Saudi Arabian govern-

ment decided to establish a three-member committee to oversee banking disputes, but the committee's membership has yet to be announced. In Egypt, the Islamic investment companies, considered the most dynamic new force in Arab banking, often exist on the outer limits of the law. The most solid of them is Al Shari, whose group investments total more than 1 billion Egyptian pounds (\$462 million). Freed from the restraints that are imposed on banks, investment companies such as Al Shari can pursue imaginative policies, switching in and out of Egyptian pounds at will.

Other Arab banks are responding to the needs of the private investor. Private portfolio management can represent a substantial risk-free source of revenue for Gulf banks. Usually regarded as an off-balance-sheet item, it can help a bank maintain its gearing. Arab banks now face the challenge of acquiring the expertise to mount a sustained campaign. Some of them have elected to market "off the shelf" packages put together by friendly investment houses. Some very big Arab banks, such as the National Commercial Bank of Jeddah, have decided to sell other people's products, and this represents a significant area of opportunity for investment houses with good links to the Gulf.

Among those who have relied on their own in-house ability are Gulf International Bank and Abu Dhabi Commercial Bank, whose managing director Sultan al-Suwaidi was formerly with GIB. In GIB's case, its Investment Management Service offers to set up packages for private

investors with as little as \$5,000 to invest.

Away from the private arena, a key performer among the Arab investment banks is the Bahrain-based Arabian Investment Banking Corporation (Investcorp), which is concentrating on mergers and acquisitions, mainly in the United States. Its president, Nemir Kidar, is predicting a significant increase in 1987 net earnings. This will help the bank maintain the 30 percent return on capital achieved in 1986, its most profitable year since start-up in 1982. Its most spectacular deal this year has been acquiring the assets of French jeweler Chaumet & Company and its affiliate Breguet. The acquisition follows Investcorp's established strategy of arranging corporate purchases and then parceling out shares to investors and management, while maintaining a sizable stake in the purchase. It is a strategy already blessed with success — in the 1984 purchase by Investcorp of New York jeweler Tiffany & Company.

Such moves by the new Arab bankers are not missed by the old hands. Said UBAF's retiring chairman Mohamed Abushadi: "I can see UBAF developing its services in the rapidly changing international markets."

In order to innovate, Middle East banks need the expertise to move into new areas, and the funds to enable them to do so. It is salutary to listen to the chairman of the Beirut-based Union of Arab Banks, Anwar el-Khalil: "Arab banks risk being left centuries behind unless priority is given to training staff in modern banking techniques."

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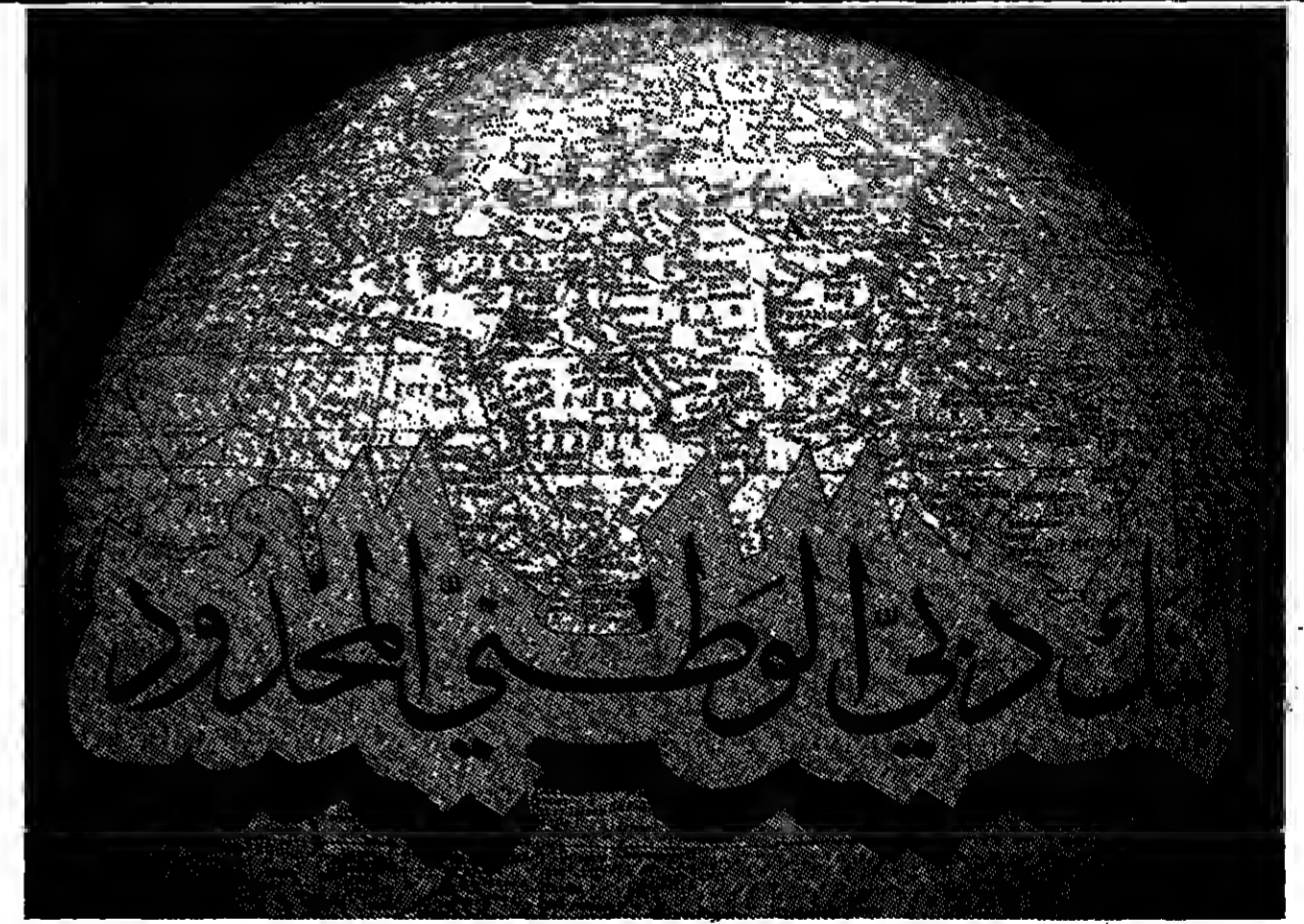
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New Developments In Money Market

MONEY markets in the Gulf have grown reasonably well during the past decade, in line with the overall economic development of the region. Issues of government debt have frequently been used in several Gulf countries. The instruments range from bank security deposit accounts and short-term treasury notes and certificates of deposits to long-term development bonds. Various Euro notes and underwriting facilities have also been floated by major Gulf commercial banks and the trend is clearly towards greater utilization of financial instruments in the region.

Nevertheless, bond and stock markets are often fragmented and lagging behind. Most of the debt in the region is still raised through syndicated loans and bank facilities. Very few private companies have until now resorted to issuing stocks and bonds to meet their financial requirements. Only Kuwait has an official stock exchange and a recognizable bond market.

The Gulf region was experiencing an economic boom in the '70s and domestic investment opportunities were scarce compared to the amount of capital available. With the dwindling of regional financial surpluses, the efficient utilization of savings has become a priority. The drive toward industrialization and larger private sector participation continues, and more emphasis is now being placed on the selection of investments with higher rates of returns.

Capital markets are being actively developed and a clear trend toward finan-

cial deepening is emerging. Rules and regulations aimed at establishing indigenous stock markets are being studied and enacted. Share prices in Saudi Arabia have risen by more than 10 percent since the beginning of the year and Bahrain has now passed legislation allowing its first stock exchange to be set up.

Economic recession has had a negative effect on the growth of capital markets. But there are other causes, including a lack of proper commercial laws, investment controls and accepted accounting practices.

In recent years new financial instruments — treasury bills, CDs, commercial paper and special forms of bank accounts — have added depth and flexibility to the various money markets in the Gulf.

In Kuwait such activities are well established. The country's central bank has operated a discount window since 1975 from which banks can borrow against commercial papers. A dollar/dinar swap facility has also existed since 1978 and, in 1980, the Central Bank introduced bills for 7- to 91-day maturities.

The bills are considered part of commercial bank reserve requirements and as such cannot be used as vehicles in open market operations.

Instead of affecting bank reserves, the issue of bills merely causes a reshuffling among them and a reduction in cash reserves in favor of the Central Bank's interest-bearing bills. Nevertheless, with such a variety of tools available to it, the Central Bank is in a better position to manage liquidity in the country.

The lack of such sophis-

ticated instruments has slowed down the development of money market activities in Saudi Arabia. However, these received a much needed boost in 1985 when the Kingdom's monetary agency (SAMA) introduced Banking Security Deposit Accounts (BSDA).

The aim was to help banks relieve unexpected shortages and more effectively manage liquidity and interest rates. The BSDAs are non-negotiable entries priced at a discount offered at around SR1,500 million (\$506 million) each week in differing maturities — 30, 91 and 180 days. The issues are available to domestic banks only and although yields on the BSDAs have been changing, they are normally priced below the interbank market rates. The BSDAs could be traded and used for short-term clearing with SAMA, and the monetary agency is ready to buy them back to help ease liquidity shortages.

A new regulation at the beginning of this year aimed at broadening the repurchase pacts offered to banks operating in the Kingdom's money markets. The move could help curb volatile fluctuations in short-term interest rates and strengthen SAMA's role in the financial markets.

SAMA will now offer to repurchase facilities with banks against collaterals of 30-, 91- and 180-day BSDAs. Previously, 30-day BSDAs were not accepted. The more flexible repurchase system is expected to make the BSDAs more attractive and more competitive with interbank funds.

Bahrain's money markets gained depth when treasury bills were introduced for the first time last year to help finance the budget deficit and maintain a more flexible control over bank liquidity.

The debt instruments are competitively priced and are exempted from reserve requirement regulations which enhances their attractiveness to the financial community. The bills can be traded before maturity and the potential for the development of a secondary market is clear.

An active market in these instruments would help Bahrain establish itself as a sophisticated financial center. It would give banks an instrument for balancing their internal cash positions and the Bahrain Monetary Agency a new tool to manage liquidity in the Bahraini dinar market.

The offshore banking units (OBUs) in Bahrain are helping to spearhead the introduction of new financial instruments denominated in US dollars and local currencies.

Recently, commercial papers have been gaining wide acceptability. These are short-term notes issued on behalf of Gulf borrowers without the insurance of back-up credit and normally placed among institutional investors. Banks can create a secondary market in trading these papers. Futures and options are also appearing in Bahrain on a limited scale.

Already the money markets in the United Arab Emirates have gained flexibility with introduction of weekly CDs. Money markets elsewhere in the Gulf have also been maturing. In Oman, the Central Bank has introduced discounted commercial paper and Qatar is following suit.

Developments such as these and the trade in a variety of instruments are helping to create greater financial awareness in the region as well as opening up new channels for savers and investors.

— Henry T. Azzam, chief economist at Gulf International Bank.

Expanding Loan Finance in the West

THREE Arab banks have agreed to underwrite \$365 million of the cost of a rail tunnel link. The project is not the Hejaz railway, or even the high speed mono-rail link once proposed between Saudi Arabia and Bahrain, but the Channel tunnel between England and France, which is being managed by the Anglo-French consortium Euro-tunnel.

The Arab trio are National Bank of Kuwait (NBK), Arab Banking Corporation (ABC) and

waiti borrower in the KD bond market since 1982. At the signing, World Bank vice president Ibrahim Shihata said: "The issue shows not only our confidence in the Kuwaiti dinar financial markets, but also in the financial institutions of Kuwait itself."

The fact that Kuwait has not evolved as a capital market for the Arab world, as had been hoped in the late 1970s, is perhaps explainable by the low volume of inter-Arab trade. Nashedhi rightly points out that any "unified Arab financial

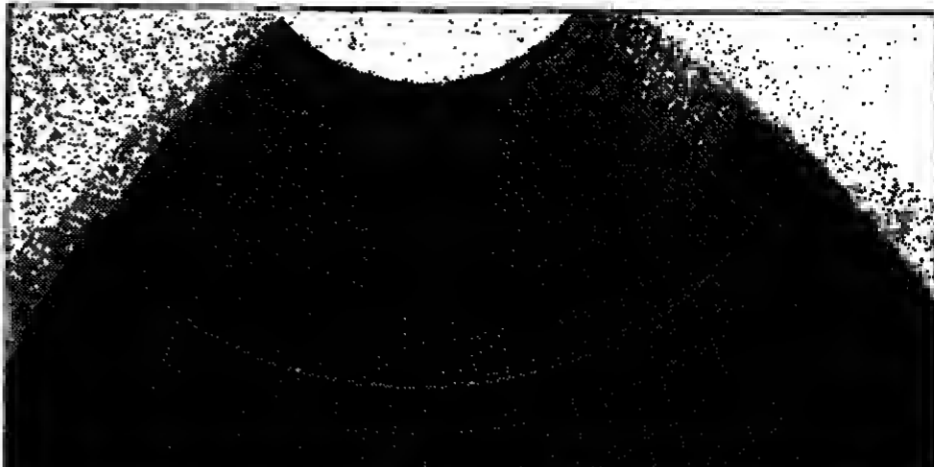
loan finance equation is provisions. As a group, the Arab banks have not followed the trend set by big international banks in making big "one off" provisions. The tax advantages of taking such steps are not applicable to Arab banks, since the biggest are established in tax efficient jurisdictions.

Arab banks are refusing to grant loans in some Arab countries and in at least one emirate, Sharjah, if they are not domiciled there. Generally, Arab debtors want long-term money, which most of the smaller Arab commercial banks, heavily dependent on small depositors or the inter-bank market, cannot provide. More active are institutions, such as the Al Khobar-based Arab Petroleum Investments Corporation (Apicorp), which financed projects totaling \$475 million in 1986, up by 9 percent since 1985. Although market demand was subdued, Apicorp's five new loans in the past year helped national development plans in Algeria, Oman and the UAE.

If a regional loan market is to reopen in the Gulf, it will require a substantial oil price hike and a different legal framework in key countries such as Saudi Arabia. Many bankers say that the authorities are still not ready to make the necessary reforms to create real Gulf capital markets.

Ironically, the real reason why Arab borrowers are having difficulty raising funds is not so much that credit risks have increased, but that the focus of many international lenders has shifted to the developed world and its huge corporate sector. Even some Arab banks see it that way.

— John Wilson.



Arab Banking Corporation's new head office in Bahrain.

the Paris-based Union de Banques Arabes et Francaises (UBAF). André Bernard, the joint chairman of Euro-tunnel, believes that Middle East participation in the total loan package will be substantial.

Euro-tunnel shows how far Arab banks have developed in loan finance. According to Hikmat Nashedhi, chairman of the London-based Arab Bankers Association, Arab banks in the period 1978-86 lead-managed Euroloans for various international borrowers to the tune of \$48 billion. Of this figure, \$21 billion, or 43 percent of the

market" will always be lacking due to the weakness of commercial links between Arab countries. In Kuwait the Inter-Arab Investment Guarantee Corporation has set up an export credit guarantee scheme, which it is marketing in the region and to Arab-owned banks in Paris and London. Trade between Arab League states represents only six percent of their total exports and nine percent of total imports. "Clearly," said one Saudi banker, "there is a case for more inter-Arab lending to boost trade."

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Islamic Unit Trust To Be Set Up

IN July, after four days of deliberation, religious leaders from Egypt, Pakistan and Turkey gave the go-ahead: Britain could be the testing ground for the world's first Islamic unit trust.

Next year Moslems will be able to deposit funds in a

largest Islamic financial institution. Founded by Prince Mohammed al Faisal in 1981, DMI is currently responsible for \$2 billion worth of funds around the world.

For 65-year-old Pakistani-born Muazzam Ali, vice chairman of DMI, the Islamic unit trust is an important step in his life's work of making Islamic ideas, particularly in economics, more accessible to the West. He explains that, in accordance with Islamic precepts, DMI's unit trust will not put its money on account or invest in bonds or in other interest-bearing financial instruments. It will steer clear of companies with gambling or brewery subsidiaries. But he sees no reason why Moslems should not fund sectors such as medicine and transport, where they will benefit from the expected rise in unit trust price.

A self-confessed liberal, Mr. Ali admits the unit trust will not be kindly received by conservative Islamic scholars. However, he says, Islam must adapt to survive in the modern world. Some Moslems, who are pushing for greater pragmatism in economic affairs, say the Prophet Mohammed's prohibition of usury was simply an attack on the exploitative money-lenders of Arabia in his day. Others argue that interest up to the rate of inflation should be allowed.

Mr. Ali disagrees. He believes the Prophet's ban on interest is total, but that British Moslems are correct in using the existing capitalist system until an alternative Islamic economic framework is established.

DMI has banks, insurance companies and trading houses in 13 countries. Its history has been checkered. Subsidiaries were accused of commodity speculation during the African famine three years ago. It also suf-

fered substantial losses on the metal markets. But the bank has been making intensive efforts to improve its operations. Last year, staff at its Geneva headquarters was reduced from 120 to 96. In the fiscal year ending June 30, 1986, operating profit increased by 58 percent to \$11.17 million and net profit by 44 percent to \$8.37 million.

Geographical frontiers are being extended. In 1987 Faisal Islamic Bank of Egypt, a subsidiary of DMI, joined forces with the Ningxia Islamic International Trust and Investment Bank to set up China's first Islamic bank, the Islamic International Investment Company. In Egypt, Faisal Islamic Bank has ten branches, with deposits of more than \$1.5 billion. An important part of the group's activities is trade finance. Last year its International Islamic Trading Company (IITC) underwrote \$130 million worth of trade, mainly between Islamic countries. DMI's Five Year Plan (1985-90) envisages an integrated Islamic economic and financial system. It also suggests the group could play a leading role in establishing a secondary Islamic financial market.

The bank is seeking recognition in the West as well. From its Luxembourg office, DMI already offers British Moslems Islamic insurance. However, the Bank of England is wary of giving it a banking license as technically, under the Islamic system, deposits are not guaranteed. Since interest is not allowed, a customer participates with the bank in trading ventures which can lead to losses as well as profits. Mr. Ali, undeterred, says if DMI can succeed in the West, it will gain respectability in its traditional markets: the Gulf and North Africa.

— Michael Duncan

New Technology Comes to Arab Banks

THE image of Arab banking has changed dramatically in the past five years — crowded labor-intensive banking halls have been replaced by gleaming computer rooms and chattering automatic teller machines.

Indeed, Arab banks are now beginning to export their own expertise. A software package designed to operate and control traveler's checks has been sold by Arab Financial Services (AFS) to the Bank of New Zealand, itself due to open an office soon in Bahrain. AFS was set up in 1982 in Bahrain and is owned by 61 Arab banks and financial institutions. Derek Pearmund, AFS deputy general manager, said: "We could

find nothing to operate a traveler's check program that met our requirements, so we set out to create our own. Because this is a traveler's check system and not related to other operations, we have been able to offer it for sale anywhere."

The British Bank of the Middle East (BBME), one of the leading foreign banks in the Gulf, has developed Hexagon — a sophisticated cash management system. Through Hexagon, business people using personal computers can contact the bank, make transactions and receive information from around the world. The bank's own offices are linked to the group's global data network, allowing BBME and

its merchant banking arm, the Dubai-based Wardley Middle East, to offer customers a wide range of international banking investment services.

less, AFS plans to introduce a credit card in the Middle East. The AFS Premier Card is affiliated to the Visa program, which means it can be used through Visa outlets and in automated cash dispensers worldwide.

Given the new emphasis on retail banking in certain Gulf centers, particularly Bahrain, Abu Dhabi and Dubai, there is a healthy market for cash dispensers. Note, however, the word of advice from a seasoned bank manager to a software salesman: "Remember, in some of the Gulf countries we work to three decimal points with our currencies. The lesson is do your homework before coming out here to sell."

— J. W.

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Banking

(Continued from Page 1)

Given the nature of Arab financial markets, conservatism is to be expected. Stock exchanges exist in Kuwait, Saudi Arabia and Bahrain but no formal exchange exists in Oman and Qatar. The UAE is moving toward having a formal stock market, with National Bank of Abu Dhabi making a market in some shares. Bond markets exist in Kuwait, and to a lesser extent in Bahrain. The Kuwaiti dinar bond market was hailed as the Arab world's first true capital market in the 1970s, and has recently been relaunched with National Bank of Kuwait leading a KD 30 million issue for the World Bank, equivalent to just over \$100 million. The signing ceremony took place, not in Kuwait, but at London's Dorchester Hotel.

The most encouraging development has been in

the money markets — in short-term paper. Treasury bills, certificates of deposit and commercial paper issues are now traded in

many of the Gulf states. Kuwait, Bahrain and the UAE all have developed money markets. It is easy to see why the capital markets

have failed to evolve. The shaky legal framework, particularly where interest is involved, is one reason, as are the family-oriented nature of Gulf businesses and the lack of standardized financial reporting criteria. Signs of progress exist, even in Saudi Arabia, the most conservative of the Gulf states, but further training of the Arab financial community is needed.

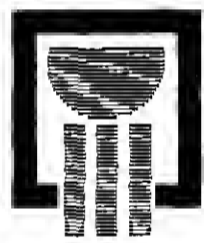
Arab banks and financial institutions have sustained their development — despite the absence of a well-developed framework at home — only by a determined thrust into global markets. In the tradition of the great Arab travelers, branches have been opened in London, New York, Tokyo, Singapore, Hong Kong and Paris as well as in China and South America. It is this process which will stand the Arab banks in good stead when wealth returns to the Gulf region in the 1990s.

— John Wilson



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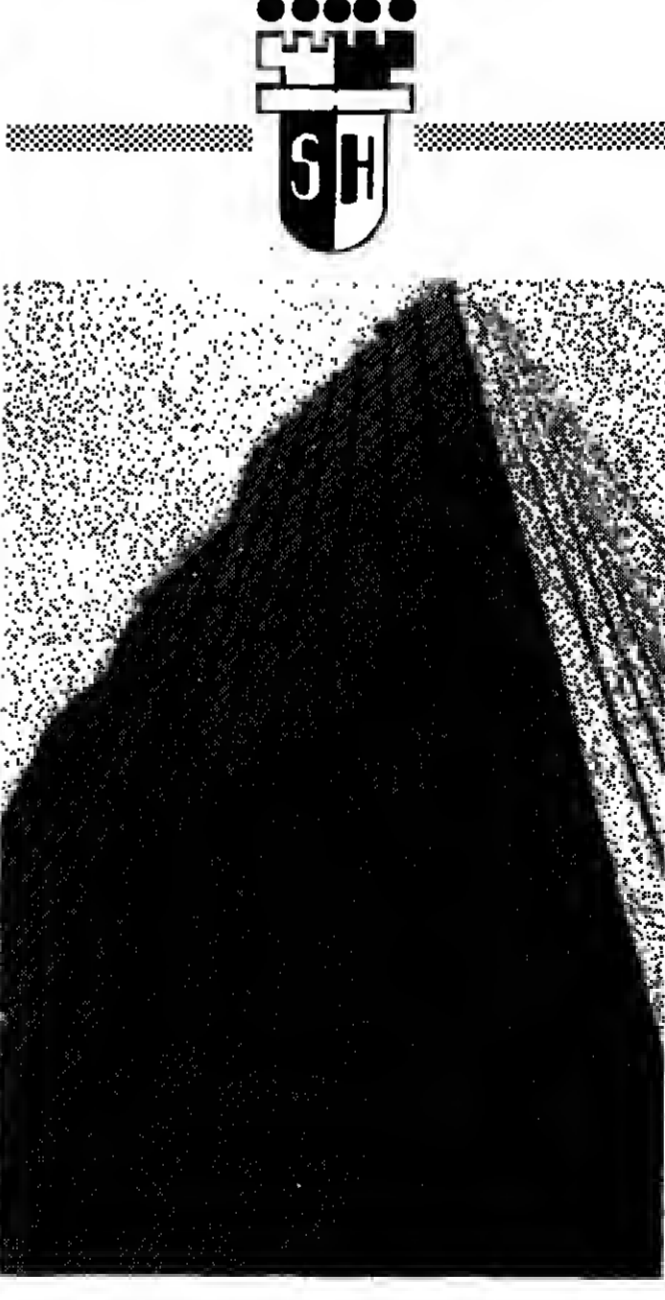
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INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

Campaigning in Poland

The Poland that Vice President George Bush has been touring no longer burns with Solidarity's reform fever...

Iranian Oil, for Now

Iranian oil, it now appears, was pouring into the United States in great volumes during the early summer...

They're Running Away

Ronald Reagan has only himself to blame for the new budget law he has "reluctantly" accepted...

Other Comment

Mr. Gorbachev has reappeared, apparently in good physical condition, but "transparency" has its limits...

INTERNATIONAL HERALD TRIBUNE

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Beating swords into tank parts.

Debt: Take the Lead or Endure a Forced Outcome

WASHINGTON — As finance ministers hold the annual meeting of the International Monetary Fund, the Reagan administration is about to lose the last chance for America to get political credit for a solution to the international debt crisis.

Debt: Real People Are in Real Trouble

NEW YORK — The joint annual meeting of the International Monetary Fund and the World Bank unfailingly brings under one roof more bankers than any other assembly.

The Early Betting Is on the Republicans

WASHINGTON — Until now, the Democrats have held the spotlight in the maneuvering for the 1988 presidential election. But that is about to change.

OPINION

The Press Has a Duty To Publish

By Flora Lewis
PARIS — The First Amendment forbids Congress to pass any law restricting the freedom of speech or of the press. It says nothing about press freedom not to publish, or not to withhold information of state and urgent public import for later inclusion in a newspaper's book.

A Test of Openness

POLAND will be a test of the openness of Mikhail Gorbachev's new policy. It will be a test of the West's willingness to support the liberalization of the country.

IN OUR PAGES, 75 AND 50 YEARS AGO

1912: Balkan War Fever
SOFIA — Wild excitement has been aroused in Sofia by the report that a decree mobilizing the Bulgarian army will be issued this evening (Sept. 29).

The Visitor At Least S

NEW YORK — George Bush, vice president, had a busy day in New York. He had a meeting with the press and spoke to the press.

Hand: A Test of Openness

By Camille McCord
It was quite a nice surprise to find a glimmering back of Manhattan skyscrapers in the newly developed part of the city.

1937: China on Its Own

NANKING — Mme. Chiang Kai-shek, wife of China's generalissimo, said today (Sept. 29) that "there is no prospect of Soviet intervention in the Sino-Japanese war."

OPINION

The Visitor to Poland Told At Least Some of the Truth

By A.M. Rosenthal

NEW YORK — George Bush, the U.S. vice president, had the opportunity of a lifetime, right there in his hands in Warsaw. All he had to do was stand up and speak to the Polish people about some of the truths of their country.

ON MY MIND

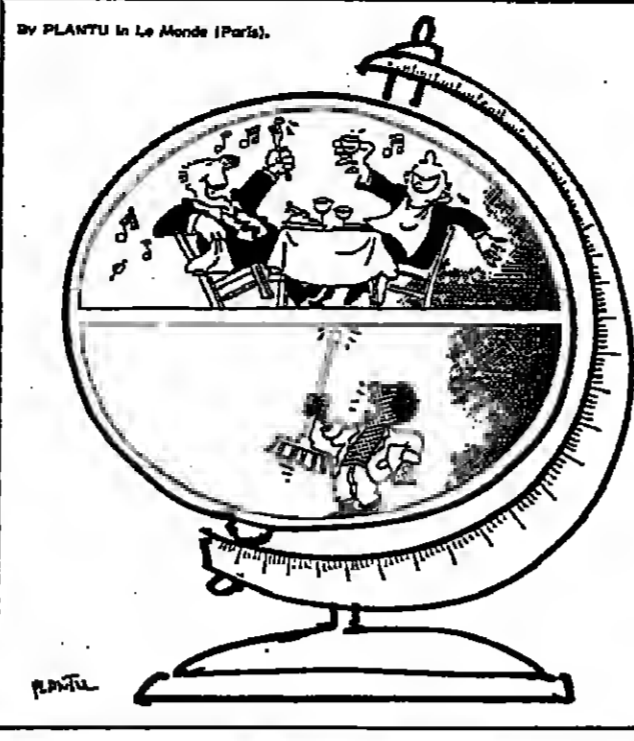
on them and, most of all, the willingness to speak out about these truths in public. The truth is that Solidarity, which fought its way to legal recognition in August 1980, was rooted in years of struggle by Polish workers demanding freedom. Solidarity burgeoned into the first and only popular political movement in all of Eastern Europe. It grew on the hopes, courage and rage of the Poles.

The truth is that when Solidarity, led by Lech Walesa, the factory electrician from Gdansk, seemed to be leading Poland into a real degree of freedom, Moscow acted. It commended the Polish Communist government to outlaw Solidarity, arrest Walesa and other leaders, and starve and imprison under crushing economic punishment. In the very near background was the threat that if they did not do the job, the Soviet army would.

The truth is that a Polish general called Wojciech Jaruzelski took over and did what the Russians wanted. He declared martial law in December 1981, and made Solidarity illegal. He did indeed restore order, the order of the police riot squad.

There is one more truth. The general Poland: A Test of Openness

Poland will be a test of the openness of Mikhail Gorbachev's foreign policy. If Moscow desires an honest agreement with the West, it will be ready to accommodate liberalization or even democratization in Poland. The American role in such a transformation would aim to restrain Moscow from direct military intervention and restrain Polish authorities from drastic repression. America should create economic incentives to make liberalization attractive and hard-line policies unattractive.



LETTERS TO THE EDITOR

M'Bow and UNESCO: Controversy Is Built Into the Job

I read with great interest Dragoljub Najman's opinion column, "The Season of Decision at UNESCO" (Sept. 24), concerning the upcoming election of a director-general of UNESCO.

While I do not entirely agree with Mr. Najman's concluding paragraph, let me begin by congratulating him for a most perceptive analysis of UNESCO's three "original sins."

It should be realized more widely that most of the organization's directors-general have left amid political crisis, often with scathing personal results. So it was that individuals such as Julian Huxley, Jaime Torres Bodet, Luther Evans and Vittorio Veronesi could not fulfill their terms of office because of the inherent controversy in any attempt to bridge cultures and ideologies through ideas.



One That's Thriving

Regarding "American Schools Share Dollar's Travails Abroad" (Sept. 9): The American Community School in England appears to be going against the trend you describe of declining enrollment for American schools in Europe.

Enrollment at our campuses in Cobham, Surrey, and Hillingdon, Middlesex, has increased on average by 100 places per year: 1,170 in 1985-86; 1,349 in 1986-87; 1,450 in 1987-88.

Even if the purpose of the Dimona nuclear plant were absolutely guaranteed, its employees would be under security regulations. An American Vantage, even of a well-advertised operation, would be brought to court. The Soviet response would be even more prompt and direct.

Joseph Lerner, Jerusalem.

Russia's Expansive History

In "Fewer Missiles Will Mean Fewer Options" (Sept. 4), Edwin M. Yoder Jr. states that "Russia has historically been a cautious, isolationist power, more invaded than invading." I wonder what historical basis such an allegation has.

For Big Boys, Power Toys

By Jonathan Engel

PARIS — For all their vaunted economic innovation, the Japanese and West Germans are failing to provide the products that their movers and shakers require. What those countries need is an American gift catalog.

Mail-order guides for busy go-getters could also work wonders reducing world trade tensions. By importing exclusive gadgets from America's entrepreneurial warehouse, foreigners could trim the U.S. trade deficit.

MEANWHILE

personal achievement tapes and high-tech devices to simplify countless daily tasks. Among the tapes' modest titles are "Choosing Your Own Greatness," "See You at the Top" and "Speak to Win."

Power is the vital concept here. To help the busy executive sort through his list, there is a power tie rack. A press of the button parades neckties past you, in forward or reverse directions, at a blistering pace of three ties per second."

But neckwear can only do so much. That's where the chocolate diet comes in. It seems simple enough for most super-achievers. "The diet plan doesn't require you to count calories, weigh portions, rotate food groups or remember the day of the week," the ad says.

Perspiring usually plays a role in slimming, so another company markets a deodorant with a difference — "a natural body deodorant in the form of a fist-size crystal opalescent stone. Just moisten the stone and rub it on your underarm area."

It also looks great on the coffee table. Slim and strategically fragrant, an executive still faces a poker problem — unless he's wearing a polo shirt that allows solar infiltration to produce an even tan with no alligator marks.

Executives need to sleep soundly. Two devices in particular do the trick, one of them by eliminating the snoring of your not-so-silent partner.

Strapped to the partner's wrist, this "audio sensor detects the first sounds of snoring, then emits a gentle static pulse" to the brain, interrupting the snoring pattern, but not the wearer's sleep. The ad does not tell how the brain reacts to this electronic barrage if the wearer is not the one snoring the logs — or whether the detector reacts to snores of large household animals.

The other necessary device for a deep sleep provides the "white noise" of moving water to create "a soothing, relaxed atmosphere, cleansing the brain of extraneous thoughts." This versatile unit can synthesize "the sound of falling rain, a waterfall or the gentle lapping of the surf." If you prefer to let your bathroom faucet run, you're not on the fast track.

International Herald Tribune.

NOTES ON A CENTURY

Americans Bid a Fond Farewell To Paris' New Flame of Liberty



Port Liberty ceremonies for the Flame of Liberty against Manhattan backdrop.

By Camille McDuffie

It was quite a night. Against a glittering backdrop of Manhattan skyscrapers, in the newly developed Port Liberty on New Jersey's Gold Coast, America said a spectacular farewell to the Flame of Liberty, a replica of that held high by the Statue of Liberty in New York harbor.

The roots of the event go back more than a century, when the people of France sought to honor America with the gift of a statue symbolizing liberty. But a hitch developed: America had not completed the promised pedestal. Joseph Pulitzer, editor of the New York World, rallied his countrymen with a call to donate for the cause. They did, and soon after Lady Liberty was standing proudly in New York Harbor.

Now, another newspaper is honoring the friendship between France and the United States. And the unveiling ceremonies and send-off in New Jersey — the state where the Flame was constructed — were an important step along the path.

saluting the Flame with a reminder of the long friendship between France and America. "So tonight as we light this torch," he said, "let the Flame stand for Franco-American friendship forged on the battlefields of Yorktown, Chateau Thierry, Normandy and in the Straits of Hormuz. But let it also stand for the reason we have fought those battles and run those risks... for our common love and our common need for liberty... liberty not as a means to a political end but as the highest political end."

The governor then introduced a videotaped greeting from President Reagan, extending anniversary good wishes to the IHT. Former U.S. Ambassador to France Evan G. Galbraith then led the official toast to the Flame.

and who oxford the Liberty Flame. They are skilled in ropework, the raised relief technique originally called for by the French architect who designed the statue, Frederic August Bartholdi. Wiant and his team spent more than four months building the two-ton Flame at their workshop in Patterson, N.J. Speaking for his team, Wiant said that they were "proud to be a part of the restoration movement and of history."

The fireworks display that concluded the salute to the Flame reminded onlookers of last year's birthday celebration for the Statue of Liberty. After its Air France flight to Paris, the Flame now awaits a second celebration in its honor. This comes Oct. 1, at a benefit dinner at the Palace of Versailles, marking the arrival of the Flame in France. The monument will be installed this winter at a permanent site in central Paris and will be dedicated next spring.

to a high school French class in Manhattan, N.Y., from hundreds of Paris area children and their parents who attended a benefit film showing to a contributor in Chile who sent one U.S. dollar and the simple note "For Liberty."

The IHT worked closely in organizing the drive with Kevin McCarthy Associates, a New York City law firm. The American Club of Paris also played a leading role in organizing support.

This is the 32nd in a series of messages about the IHT which will appear throughout the Centennial year.

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Table showing prize breakdown for Lotto 6/49 with columns for prizes (1st, 2nd, 3rd, 4th, 5th), number of prizes, and prize value.

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ARTS / LEISURE

Puttnam and Columbia: The Chariots of Change

By Aljean Harmetz
New York Times Service
LOS ANGELES — When David Puttnam resigned as chairman of Columbia Pictures last week...

pushed? He was enough of a realist to want to make entertaining movies, and enough of an idealist to want his films to have social value...

thwarts a villain who can turn docile animals into killers. In an unfinished version, the film received two research screenings and the response was poor.



David Puttnam: Naïve?

Archer's Courtroom Melodrama

By Sheridan Morley
International Herald Tribune
LONDON — Before it opened last week at the Queen's Theatre...

THE LONDON STAGE

at seaside repertory theaters in the days when they could still afford a dozen actors in expensive clothes and two big sets.

Reviews are not supposed to reveal too much plot, though it can safely be disclosed that as the curtain rises we find Frank Finlay as the chairman of the Bar Council...



David Langton in "Beyond Reasonable Doubt."

er. That is how "The Mousetrap" has survived these last 40 years.

Apart from a very occasional musical or National Theatre revival of "Golden Boy," the British theater shames itself for ignoring the work of Clifford Odets...

Completed with requisite final twist, Archer's play seems to have been not so much written as assembled from the spare parts of earlier stage thrillers.

for Ida Lupino as the noble, tortured wife and Rod Steiger as the impudently evil, faintly gay mogul reeking of the sour smell of success.

for reasons that so far escape me, the National Theatre in the closing months of its Peter Hall management has suddenly acquired a deep interest in communitarian plays about working conditions in the west of England a century ago.

Yet the moral dilemma at the heart of an overlong and overwrought script has little to do with a dead child or a drunken driver.

Washington, Moscow Work at Cultural Thaw

By Celestine Bohlen
Washington Post Service
MOSCOW — Washington and Moscow are working on improving their relations, and they are going to start with a little song and dance.

The original idea, broached by the Washington and Moscow Capital Citizens' Exchange, working with the support of the mayor, Marion S. Barry Jr., and the city council, was to explore the establishment of a sister-city relationship.

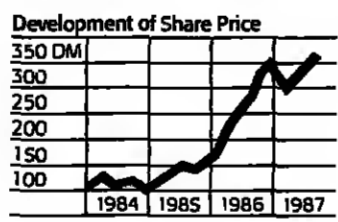
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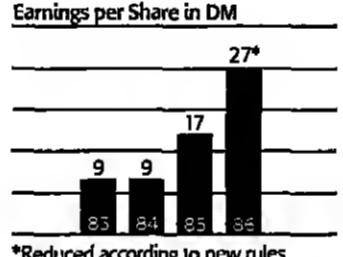
Now, Continental has created two new products that promise to revolutionize the global tire industry: CTS (Continental TireSystem) for passenger cars and EOT (Energy Optimized Technology) for trucks.

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Top Performance on Wheels



Dining Out section listing various restaurants in Dusseldorf and Paris with descriptions and contact information.

Washington and Moscow are working on improving their relations, and they are going to start with a little song and dance. The thaw under discussion is not between the two superpowers, but between their two capitals, which are now looking ahead to a full program of cultural exchanges to begin in January.

THE Gulf crisis of the Middle East is still very much a cordially despised British...

The health and well-being of the six countries (Saudia Arabia, Oman, Bahrain, Kuwait, Iraq, and the United Arab Emirates) is more than double the level of \$79.4 billion...

Undeterred by technicalities, the Washingtonians lobbied their cause and left town with tentative commitments for a full range of cultural events that could start as soon as next year's Martin Luther King holiday.

Typically, establishment of a sister-city project starts with an exchange of visits by the mayors. In this case, the two sides are contemplating a satellite hookup between the two capitals at which Barry and Valery Salikin, the Moscow mayor, would participate.

NYSE Most Actives table showing volume, high, low, and change for various stocks.

Market Sales table showing volume and change for NYSE, AMEX, and NASDAQ.

NYSE Index table showing high, low, close, and change for Composite, Industrials, Utilities, and Finance.

Tuesday's NYSE Closing logo with 'Via The Associated Press' text.

AMEX Diary table showing advanced, declined, unchanged, and total issues.

NASDAQ Index table showing composite, industrials, insurance, utilities, and finance.

AMEX Most Actives table showing volume, high, low, and change for AMEX stocks.

Dow Jones Bond Averages table showing classes like 10-year, 20-year, 30-year.

NYSE Diary table showing advanced, declined, unchanged, and total issues.

Odd-Lot Trading In N.Y. table showing buy and sell volumes.

Dow Jones Averages table showing industrial, utility, and finance averages.

Standard & Poor's Index table showing industrial, utility, and finance.

NASDAQ Diary table showing advanced, declined, unchanged, and total issues.

AMEX Stock Index table showing high, low, close, and change.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Table A: NYSE Most Actives with columns for stock symbol, volume, high, low, and change.

NYSE Falls in Moderate Trading

NEW YORK — Prices on the New York Stock Exchange slipped late Tuesday in active trading as investors turned their attention to a strong dollar and succumbed to worries about the bond market's persistent weakness.

Table B: NYSE Most Actives with columns for stock symbol, volume, high, low, and change.

Table C: NYSE Most Actives with columns for stock symbol, volume, high, low, and change.

Table D: NYSE Most Actives with columns for stock symbol, volume, high, low, and change.

Table E: NYSE Most Actives with columns for stock symbol, volume, high, low, and change.

Table F: NYSE Most Actives with columns for stock symbol, volume, high, low, and change.

Table G: NYSE Most Actives with columns for stock symbol, volume, high, low, and change.

Table H: NYSE Most Actives with columns for stock symbol, volume, high, low, and change.

Table I: NYSE Most Actives with columns for stock symbol, volume, high, low, and change.

Table J: NYSE Most Actives with columns for stock symbol, volume, high, low, and change.

Table K: NYSE Most Actives with columns for stock symbol, volume, high, low, and change.

Table L: NYSE Most Actives with columns for stock symbol, volume, high, low, and change.

Table M: NYSE Most Actives with columns for stock symbol, volume, high, low, and change.

Table N: NYSE Most Actives with columns for stock symbol, volume, high, low, and change.

Table O: NYSE Most Actives with columns for stock symbol, volume, high, low, and change.

Table P: NYSE Most Actives with columns for stock symbol, volume, high, low, and change.

Table Q: NYSE Most Actives with columns for stock symbol, volume, high, low, and change.

Table R: NYSE Most Actives with columns for stock symbol, volume, high, low, and change.

Table S: NYSE Most Actives with columns for stock symbol, volume, high, low, and change.

Vertical advertisements on the right edge of the page, including 'Equity', 'Target', and 'VIKING'.

Compaq Unveils Faster Computers

NEW YORK — Compaq Computer Corp. introduced Tuesday new versions of its desktop and portable computers based on Intel Corp.'s state-of-the-art 80386 microprocessor. It said the computers are faster than competing models.

Compaq said the new computers use an 80386 chip that runs at 20 megahertz, or million cycles per second.

Compaq said the new desktop machine, the Deskpro 386/20, employs a new system architecture, or internal design, that allows it to operate up to 25 percent faster than their 20-megahertz, 80386-based computers and up to 50 percent

faster than 80386 computers running at 16 megahertz.

It said the machines are faster than 80386-based machines made by International Business Machines Corp. and Tandy Corp.

IBM is now selling a 16-megahertz 80386-based computer and will begin shipping a 20-megahertz model in the fourth quarter.

Compaq said it will offer three models of the new desktop machine.

The Model 60, priced at \$7,499, includes a 60-megabyte, or million units of storage, fixed-disk drive. The Model 130 has 130 megabytes of fixed storage and costs \$9,499.

The Model 300, priced at \$12,499, has 300 megabytes of fixed storage.

Compaq also unveiled software, developed jointly with Microsoft Corp., that lets 80386-based machines run more than one job at a time. Software is the programs that control the operation of a computer.

Compaq said its new Portable 386/Model 40 weighs 26 pounds (about 9 kilos) and is equipped with one megabyte of random access memory and 40 megabytes of fixed disk storage. It is priced at \$7,999.

The Portable 386/Model 100, priced at \$9,999, comes with 100 megabytes of fixed storage.

Porsche Revenue, Hit by Currency Fluctuations, Fell More Than 4% in Year

STUTTGART — Luxury automaker Porsche AG, blaming sharp currency fluctuations for a slowdown in the crucial U.S. market, reported Tuesday that worldwide revenue fell more than 4 percent last year.

It said that as a result it would go upmarket in the United States, concentrating on its top range 911 and 928 models.

Porsche said that worldwide revenue in the year to Aug. 1 slipped to 3.41 billion Deutsche marks (\$1.87 billion) from 3.57 billion DM the year before.

It gave no figure for profits but described them as satisfactory despite adverse currency movements and lower sales and revenue.

The company publishes profit figures in February. Last year net profit fell to 75.3 million DM from 120.4 million the year before.

Porsche said actual sales in the United States accounted for 62 percent of total sales.

It said that demand declined in markets outside the United States, including the domestic market. Exports accounted for 31 percent of total group turnover after 38 percent the previous year.

Porsche sold 49,976 cars worldwide in 1986-87, down from 53,254 the year before. Foreign sales rose to 42,132 from 41,194, and domestic sales fell to 7,844 from 11,340.

A company spokesman said Porsche planned to cut average daily production of its four-cylinder 924 and 944 models to 100 from 134, but would boost production of its classic six-cylinder 911, which is undergoing a face-lift.

Since the family-owned firm attaches great importance to exclusivity, cutting back numbers should be seen as a positive sign, several analysts said.

"It makes sense for Porsche to cut back on the 924 and 944 models and concentrate on the top end of the luxury car market," said Adrian Brundrett, car analyst at Citibank AG in Frankfurt.

Industry analysts said the other West German luxury car makers, Daimler-Benz

AG, which makes Mercedes, and BMW AG, were less reliant on the United States for sales than Porsche.

"Porsche is over-exposed in the United States," said Stephen Reisman, an auto analyst at London brokers UBS-Phillips & Drew.

Daimler and BMW have already retreated to the top-end of the U.S. market.

Daimler's 1987 U.S. sales are expected to rise to around 100,000 and BMW is likely to improve sales to 100,000 from 96,800, according to some analysts.

But Porsche sales are expected to fall 15 percent from 30,500 cars sold in 1986, they predicted.

Brierley's Equity & Law Bid Is Raised to £457 Million

LONDON — Brierley Investments Ltd., a New Zealand-based financial group, said Tuesday that it has raised its bid for Equity & Law PLC to 450 pence (739 cents) a

share, valuing the British insurance company at about \$457 million.

Its cash bid, raised from 365 pence or £367 million offered on Sept. 4, follows acceptance last week by the British company's board of a sweetened bid of 446 pence by Compagnie du Midi, a leading French insurer.

Blue Arrow Issue Is Below Target

LONDON — Blue Arrow PLC, the British employment agency, said Tuesday that its related rights issue of £837 million (\$1.37 billion) received fewer-than-expected shareholder acceptances of 48.9 percent.

Blue Arrow, which had predicted 70 percent acceptance rate, offered shareholders five new shares for every two held at 166 pence each. It was the largest British rights issue from a company outside the oil sector, surpassing National Westminster Bank PLC's \$14 million issue in May 1986.

Blue Arrow shares traded as high as 170 pence Tuesday morning, and the company said that the remainder of the \$84.4 million new shares to be sold on the London Stock Exchange at an average price of 162.25 pence.

With investors apparently expecting a higher counter bid, Equity & Law's share price on the London Stock Exchange jumped 20 pence to 455 pence Tuesday from its Monday finish.

Midi's offer, comprising shares valued at \$449 million or a full cash alternative of 435 pence, topped its earlier bid of 400 pence a share made after the first Brierley offer. Equity & Law had immediately rejected the first two bids.

Brierley owns 29.6 percent of Equity & Law through its unit IEP Securities Ltd. Midi is bidding through its British subsidiary, Compagnie du Midi U.K. Ltd.

Brierley said the offer was conditional on 50 percent acceptances from Equity & Law shareholders.

Brierley said it envisaged that Equity & Law's management would remain in place.

The British company had pretax profit of £8.3 million last year, on premium and investment income of £56.8 million.

THE first time Tom Leffler and his team from Unisys met with Home Shopping Network they recognized a big idea whose time had come.

The idea was to start up a national cable TV channel to retail products directly to consumers. People would pick up the phone and order anything from garden hoses to diamond rings, right from their easy chairs, any time, night or day.

At the core of the idea, a computer

system. A system that could satisfy their immediate needs, but could also grow, and fast. There would be no time for software conversions. And, if that system wasn't in place on time, that window of opportunity would slam shut.

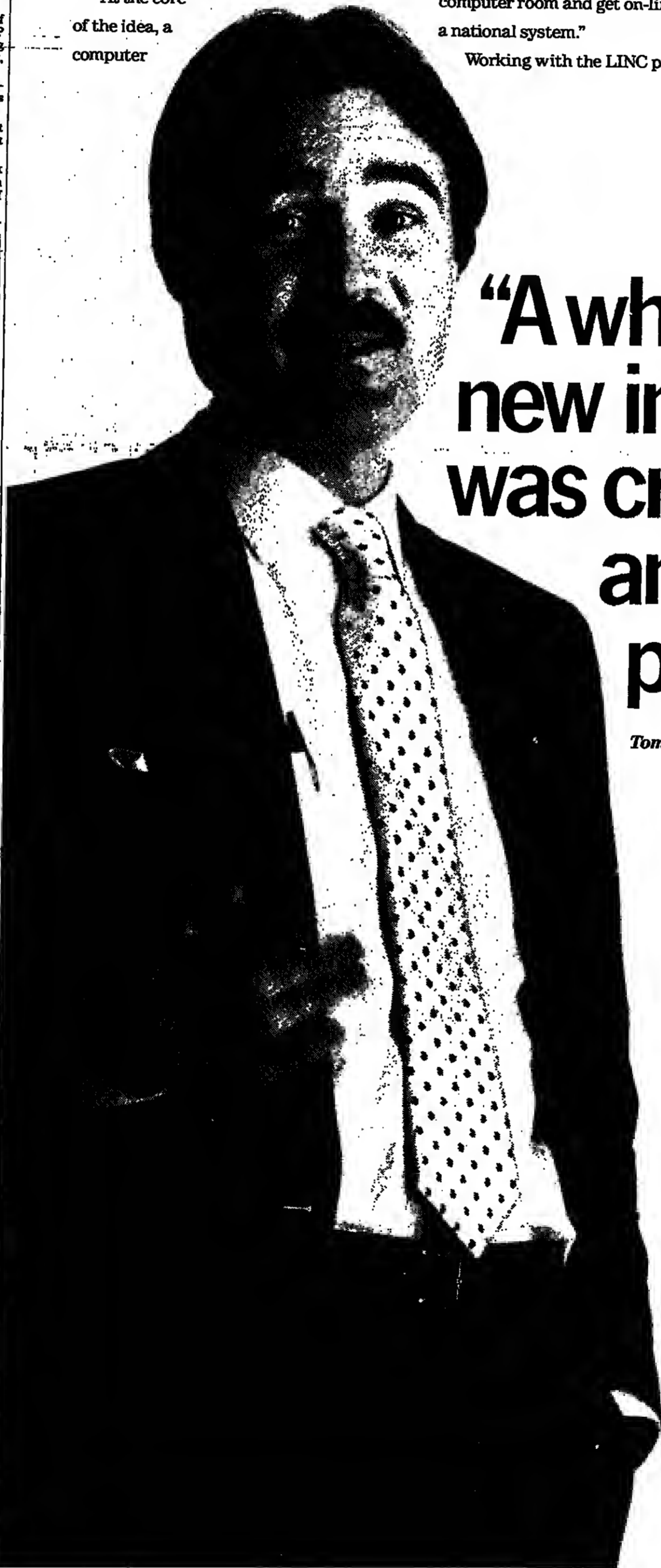
"We started working with HSN in April 1985. They were scheduled to go national on July 1, 1985. There were three months to rewrite an application, build a computer room and get on-line with a national system."

Working with the LINC productivity

tool and nine Unisys professionals, HSN had a working application in 90 days. In the next 18 months, they'd grown from zero revenue to almost \$700 million. "And they'd grown from our smallest mainframe to our largest computers. It's been incredible."

"But, you know what really won us the business: Unisys' entrepreneurial attitude and a willingness to get things done. We accepted our challenge to be a part of the whole plan."

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"A whole new industry was created and we were part of it."

Tom Leffler, Marketing Manager, Unisys.

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The Sow Cycle
When a bond-market crash gets farmers spent about credit-crunch tight, the swiftest way for many of them to get cash is to ship hogs. If they're necessary reserves, or when bonds were recently below \$80, they'll add breeding sows to their shipments so that an interim gain becomes an ultimate storage. Leveraged profit potential in loose pork belly is covered in current Indigo pricing—available with our computer if you'll write, telephone or telefax.

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The quarterly report as of 30th June, 1987 of
Leveraged Capital Holdings N.V.
has been published and may be obtained from
PIERSON, HELDRING & PIERSON N.V.
Amsterdam

VIKING FUND SICAV
Registered Office: 2535 Luxembourg
20 Boulevard Emmanuel Servais.

Notice is hereby given that an
EXTRAORDINARY GENERAL MEETING
of Shareholders will be held at the registered office of the Company, 20, Boulevard Emmanuel Servais, 2535 Luxembourg, on October 19th, 1987, at 9:00 a.m., with the following agenda:

- Presentation of the company and future prospects;
- Acceptance of the resignation of three Directors;
- Discharge to be given to those three Directors for the period ending on the day of the Extraordinary General Meeting;
- Change in the number of Directors from five to three;
- Election of one new Director;
- Mandate to be given to the Board of Directors to realize the restructuring of the company and mainly:
 - Change its investment policy;
 - Change the Prospectus for the offer of shares in the company;
- Miscellaneous.

To validly vote in person or by proxy at this Extraordinary General Meeting of Shareholders, registered shareholders must notify, in writing the Company at its address, 20, Boulevard Emmanuel Servais, 2535 Luxembourg, of their intention to be present or represented at the meeting, at least eight business days before the date of the Extraordinary General Meeting together with a proxy, if any.

Furthermore, registered shareholders, or their proxy shall have to produce their registered certificate(s) to be admitted to the meeting.

On behalf of the Company,
BANQUE PRIVEE EDMOND DE ROTHSCHILD S.A.
Luxembourg Branch
20, Boulevard Emmanuel Servais
2535 Luxembourg

Tuesday's NYSE Closing

Tables include the nationwide prices to the closing on Wall Street and do not reflect late trades elsewhere.

Table with columns: High, Low, Stock, Chg., Vol., PE, Div., High, Low, Close, Out. Contains NYSE closing prices for various stocks.

U.S. Futures

Via The Associated Press

Table with columns: Season, High, Low, Open, High, Low, Close, Chg. Lists futures prices for grains, food, metals, and livestock.

Currency Options

Philadelphia Exchange

Table with columns: Underlying Price, Call, Put, Last. Lists currency option prices for various currencies.

NYSE High-Lows

Table with columns: High, Low, Stock, Chg., Vol., PE, Div., High, Low, Close, Out.

Table with columns: High, Low, Stock, Chg., Vol., PE, Div., High, Low, Close, Out. Lists NYSE high and low prices.

Paris Commodities

Table with columns: High, Low, Bid, Ask, Chg.

Table with columns: High, Low, Bid, Ask, Chg. Lists Paris commodity prices.

London Commodities

Table with columns: High, Low, Bid, Ask, Chg.

Table with columns: High, Low, Bid, Ask, Chg. Lists London commodity prices.

Dividends

Table with columns: Company, Div. Pay, Date.

Table with columns: Company, Div. Pay, Date. Lists dividend information for various companies.

Tin Producers to Extend But Revise Export Quota

By The Associated Press

AMEX High-Lows

Table with columns: High, Low, Bid, Ask, Chg.

Table with columns: High, Low, Bid, Ask, Chg. Lists AMEX high and low prices.

DM Futures Options

Table with columns: High, Low, Bid, Ask, Chg.

Table with columns: High, Low, Bid, Ask, Chg. Lists DM futures option prices.

London Metals

Table with columns: High, Low, Bid, Ask, Chg.

Table with columns: High, Low, Bid, Ask, Chg. Lists London metal prices.

S&P 100 Index Options

Table with columns: High, Low, Bid, Ask, Chg.

Table with columns: High, Low, Bid, Ask, Chg. Lists S&P 100 index option prices.

Company Results

Table with columns: Company, Revenue, Profit.

Table with columns: Company, Revenue, Profit. Lists company financial results.

Mon days

Advertisement for William Safire on Language.

Table with columns: Company, Revenue, Profit. Part of an advertisement.

Hughes Sees 'Satellite' Phones in '92

By Jacques Neber
Special to the Herald Tribune
PARIS — Hughes Aircraft Co. has made progress on a technology that may allow it to launch satellite-based mobile telephone service in 1992 over an area as large as the United States or Europe.

Fiat Profit Rose 10.3%, Sales 38.6% in Half

Special to the Herald Tribune
ROME — Fiat SpA said Tuesday that pretax profits rose 10.3 percent to 1.83 trillion lire (\$1.38 billion) in the six months to June 30 from 1.65 trillion a year earlier, but forecast a slowdown in the second half because of increased tax on cars.

Gunnies Peat Says Equiticorp Has Control

The Associated Press
LONDON — The merchant bank Guinness Peat Group PLC conceded Tuesday that Equiticorp Holdings Ltd., a New Zealand-based financial services company, had won effective control.

Floating-Rate Notes

Table of floating-rate notes with columns for currency, issuer, and bid/ask prices.

Dayton Bid Raised

Special to the Herald Tribune
DAYTON — A bid for the Dayton Hudson Corp. has been raised to \$1.1 billion, according to sources familiar with the deal.

Salomon: Reolon's Perelman Seeks a Large Stake

Special to the Herald Tribune
NEW YORK — Salomon Brothers Inc. officials said Tuesday that Reolon's Perelman is seeking a large stake in the company.

MCI to Provide Service Between U.S., Germany

MCI Communications Corp. said Tuesday it has reached an agreement with the West German government to provide telegraph service between the United States and West Germany.

INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 29th Sept. 1987

Large table of international fund quotations, including columns for fund name, currency, and price.

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Be sure that your fund is listed in this space daily. Telex Matthew GREENE at 613595 for further information.

Tuesday's AMEX Closing

Tobies include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Via The Associated Press

12 Month High	Low	Stock	Div. Yld. PE	52 Wks High	Low	Close	Chg
11 1/2	11 1/4	BAT	2.75 24	27 1/2	27 1/4	27 1/4	+
11 1/2	11 1/4	BET	2.75 24	27 1/2	27 1/4	27 1/4	+
11 1/2	11 1/4	BIB	2.75 24	27 1/2	27 1/4	27 1/4	+
11 1/2	11 1/4	BIB	2.75 24	27 1/2	27 1/4	27 1/4	+
11 1/2	11 1/4	BIB	2.75 24	27 1/2	27 1/4	27 1/4	+

12 Month High	Low	Stock	Div. Yld. PE	52 Wks High	Low	Close	Chg
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11 1/2	11 1/4	BIB	2.75 24	27 1/2	27 1/4	27 1/4	+
11 1/2	11 1/4	BIB	2.75 24	27 1/2	27 1/4	27 1/4	+
11 1/2	11 1/4	BIB	2.75 24	27 1/2	27 1/4	27 1/4	+

London to New York, the dollar is close at 1.6415 on Monday.

OTC Prices

MSDAQ prices as of 12:00 New York time. Prices are subject to change.

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Denmark D.Kr.	490 00 33	2,500	1,400	770	31%
Finland F.M.	(09) 60 30 30	1,730	950	520	41%
France F.F.	05 050 990	1,500	820	450	41%
Germany* D.M.	0130 56 23	580	320	175	41%
Gr. Britain £	**	130	72	40	40%
Greece Dr.	**	22,000	12,000	6,600	45%
Ireland £/Ir.	**	150	82	45	45%
Italy Lire	(02) 345 23 69	380,000	210,000	115,000	42%
Luxembourg L.Fr.	**	11,500	6,300	3,400	57%
Netherlands Fl.	06 022 08 11	650	360	198	40%
Norway* N.Kr.	(02) 41 75 81	1,800	990	540	38%
Portugal Esc.	**	22,000	12,000	6,600	52%
Spain* Ptas.	(93) 302 22 82	29,000	16,000	8,800	40%
Sweden* S.Kr.	(08) 21 82 75	1,800	990	540	38%
Switzerland S.Fr.	046 05 30 30	510	280	154	40%

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CURRENCY MARKETS

Dollar Sharply Higher as Yen Suffers

NEW YORK — The dollar sharply higher Tuesday, regaining its strength in Japan's currency markets, where the yen has risen to a bond-market peak of 144.20.

London Dollar Rates table with columns for currency type and rate.

The dollar was generally higher in London, but eased from six-week highs during late trading, dealers said, partly because of comments from Karl Otto Pohl, the Bundesbank president, that West Germany has done what it can to stimulate its economy.

Earl Johnson of Harris Trust & Savings Bank in Chicago. In London, the dollar closed higher at 1.8400 DM, from 1.8245 on Monday, at 146.15 yen, after 144.10, at 1.5290 Swiss francs from 1.4135 and at 6.1175 French francs after 6.0825.

Dealers said that British authorities were keeping a watchful eye on the pound, determined to prevent its gathering strength from hampering British exports. Dealers noted that sterling was being supported by the continuing high level of British interest rates.

Taiwan Stocks In Record Drop As Credit Is Cut

TAIPEI — Prices on the Taiwan Stock Exchange plummeted Tuesday in reaction to credit-tightening measures announced on Saturday, brokers said. The stock index dropped a record 153.39 points, eroding the market's value by 3.4 percent.

NONWORKERS: As U.S. Jobs Multiply, Millions Feel Work Doesn't Pay

(Continued from first finance page) is unwilling to seek a low-wage restaurant job. "That's work for kids, not for an older woman with responsibilities," she declared.

So Mrs. Nieves will stay out of the job hunt, and out of the Labor Department's unemployment statistics, getting by on her husband's wages (he earns \$8.50 an hour fixing sewing machines at Hifidelity) and on help from three grown children.

regularly and to work well with others. And only a handful of companies, even in Boston, train people to qualify for entry-level jobs, or to advance once they are in them.

In a service economy, there are other requirements, too. Even the lowest-paid, least-skilled employees must deal with customers, and management often insists on "a basic standard of appearance."

All of this adds up for mothers who are fearful of trading welfare benefits for low-wage jobs that will not release them from poverty, said Barbara Sord, a lawyer for Greater Boston Legal Services and a lecturer on welfare law at Harvard Law School.

"What we need is a fluid system that allows for work, part or full-time, with sufficient income supplementation," Ms. Sord said. That potentially more costly approach is not the thrust of the welfare bills now in Congress.

'You have to look good, be able to spell, not be too fat, have all your teeth — and all that for \$5 an hour.'

A social agency official

demagogue, someone who at least conceals to customers the hide of middle class. Even a fast-food restaurant wants someone who not only can dish up the soup, but can smile and talk.

Such people also have to be available for work. That is a huge issue among the growing number of single mothers, who worry that salaries would not be high enough to offset the loss of welfare payments and the outlay for child care.

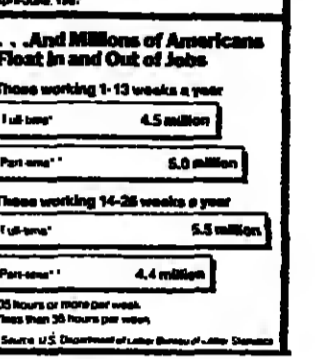
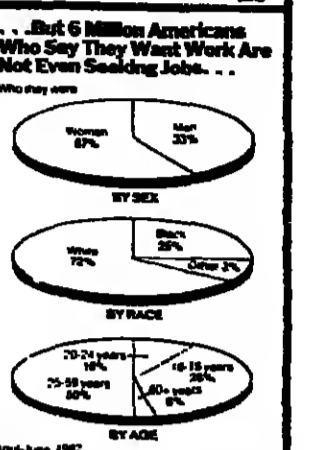
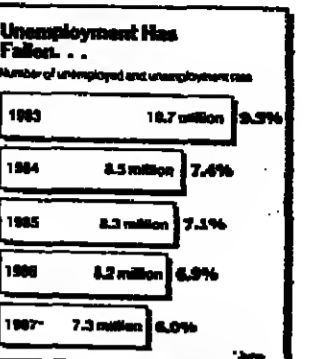
In Massachusetts and New York, for example, a mother with two children making \$750 a month — about \$4.35 an hour — could see her cash grant top to \$120 a month, from \$50, and eliminated entirely after four months. Medicaid, however, continues for an additional five months in every state, and in some up to 11 months.

What Mr. Moyinhan would add to the welfare pot, for the first time, is what he envisions as an unlimited flow of funds for job training. The Congressional Budget Office estimates the cost of the training at \$2.3 billion over five years.

The condition of welfare mothers now is such a nightmare of poverty that work can only be an improvement," Mr. Moyinhan said. "And if they do it, in time their lot will improve, particularly with the job training provision."

Thus far, most of the publicly funded job training has been channeled not through the welfare system but through such programs as the Job Corps, the Private Industry Council, E.T. Choice in Boston and various other social service agencies.

The training is primarily in basic skills, such as reading and math, to prepare people for jobs beyond the sort of counter work available in a fast-food restaurant at \$4 or \$5 an hour.



U.S. Bonds Decline on Supply, Rate Worries

NEW YORK — Prices of U.S. government bonds dropped more than 1 point Tuesday, sending yields to their highest levels in nearly two years.

Dealers said the market was depressed by prospects of a flood of new U.S. Treasury issues and worries over the impact of rising interest rates overseas.

The benchmark 30-year bond closed at 91 7/32, down from 92 10/32 on Monday, a loss of \$12.50 for each \$1,000 face amount. The yield jumped to its highest level in 21 months, 9.81 percent from 9.67.

Market participants said a higher dollar on foreign exchange markets failed to dispel the credit market's bearish sentiment. "The mood of the market is that rates will continue to rise," said Charles Schaefer of Discount Corp.

These women want to work, but at lower pay than this, recidivism is high," said Thomas Glynn, a deputy commissioner of the Massachusetts Public Welfare Department, who runs the program.

Against the education and pay issues, employers resist dealing with people long out of jobs. "The big problem is that no one is knocking on the doors of these hard-core people and saying here is opportunity," said Mr. Glynn.

The inability of debt futures to rise in the face of strong gains in the dollar and losses in gold prices — both of which were positive developments for the inflation outlook — also was a sign of moderating weakness, dealers said.

The market also remains concerned about the impact of rising interest rates worldwide. Higher rates abroad effectively diminish the attraction of holding U.S. dollar securities.

Tuesday's OTC Prices advertisement for NASDAQ.

Table A: OTC prices for various companies including ADC, ACT, ACI, etc.

Table B: OTC prices for various companies including AIG, AIA, AIB, etc.

Table C: OTC prices for various companies including ABC, ABD, ABE, etc.

Table D: OTC prices for various companies including ADE, ADF, ADE, etc.

Table E: OTC prices for various companies including AEG, AEF, AEG, etc.

Table F: OTC prices for various companies including AEG, AEF, AEG, etc.

Table G: OTC prices for various companies including AEG, AEF, AEG, etc.

Table H: OTC prices for various companies including AEG, AEF, AEG, etc.

Table I: OTC prices for various companies including AEG, AEF, AEG, etc.

Table J: OTC prices for various companies including AEG, AEF, AEG, etc.

Table K: OTC prices for various companies including AEG, AEF, AEG, etc.

Table L: OTC prices for various companies including AEG, AEF, AEG, etc.

Table M: OTC prices for various companies including AEG, AEF, AEG, etc.

Table N: OTC prices for various companies including AEG, AEF, AEG, etc.

Table O: OTC prices for various companies including AEG, AEF, AEG, etc.

Table P: OTC prices for various companies including AEG, AEF, AEG, etc.

Table Q: OTC prices for various companies including AEG, AEF, AEG, etc.

Table R: OTC prices for various companies including AEG, AEF, AEG, etc.

Table S: OTC prices for various companies including AEG, AEF, AEG, etc.

Table T: OTC prices for various companies including AEG, AEF, AEG, etc.

Table U: OTC prices for various companies including AEG, AEF, AEG, etc.

Table V: OTC prices for various companies including AEG, AEF, AEG, etc.

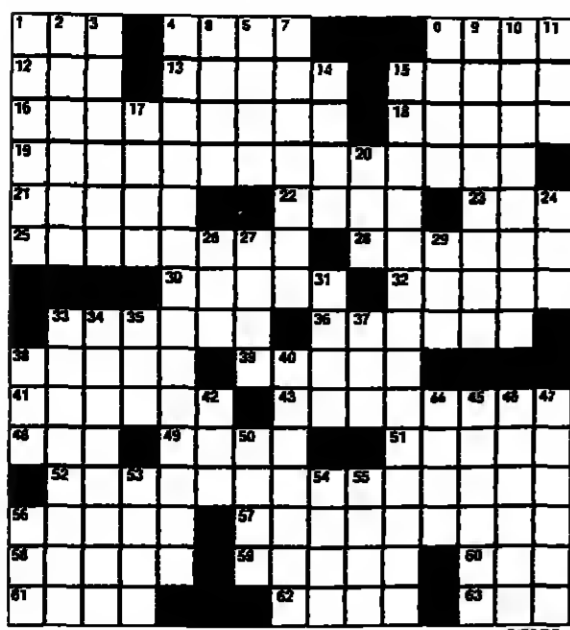
Table W: OTC prices for various companies including AEG, AEF, AEG, etc.

Table X: OTC prices for various companies including AEG, AEF, AEG, etc.



Tuesday's AMEX Closing advertisement.

Table Y: AMEX Closing prices for various companies including TPA, TPA, etc.



ACROSS

1 Garfield, for one

4 Stockbroker's advice, at times

8 "Old MacDonald" ...

12 Parsegian of coaching fame

13 Lustrina's under

15 "Work It Out," Beatles hit

16 Noisemaker of sorts

18 Hopping mad

19 Hit song in 1945

21 Rhone feeder

22 Stunted plant, e.g.

23 Wallace or Whitney

25 Latin lass's title

28 Green alga

30 Parisian's "Eureka!"

32 Acropolis sight

33 Famous American (w/2)

36 Gordon or Duncan

38 Impassive

39 Tomato blight

41 Beauticians' purchases

43 Set loose

DOWN

11 Chemical ending

14 Way of, for supporters?

15 Place to find ice sculptures

17 Silver peso

20 Word with tail or dead

24 Driver's lic. et al.

26 Chit

27 Mah-jongg piece

29 Big "in" Calif.

31 So be it!

33 They often top

34 Composer of program music

35 Brooch

37 Embassee dipl.

38 Haggard

1 French seaport

2 Sound the alarm

3 Make tight Corn non-essay theme

5 Black to Byron

6 Gossett and Gehrig

7 Wishbone-offense option

8 Aces' mother

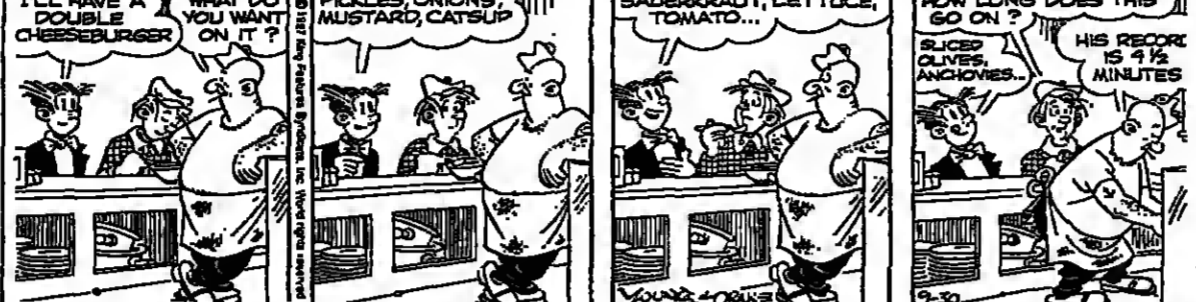
9 Ivory-tower milieu

10 News-flash intro

PEANUTS



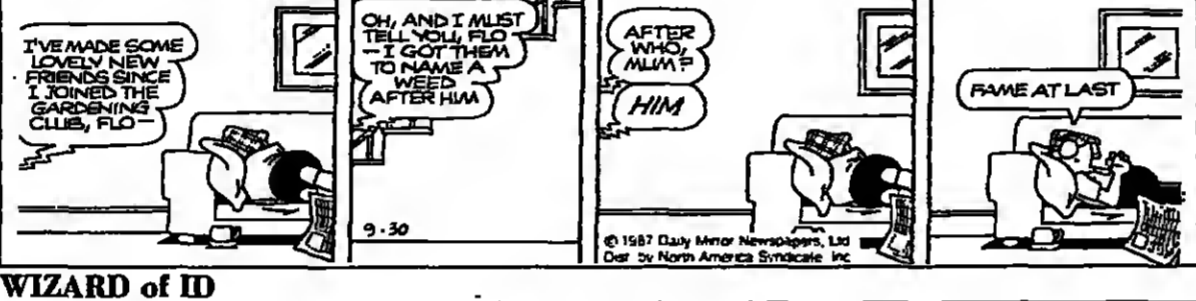
BLONDE



BEEBLE BAILEY



ANDY CAPP



WIZARD OF ID



REX MORGAN



GARFIELD



DENNIS THE MENACE



"SOMETIMES HER BRAIN GOES TO HER HEAD."

JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

TASEC

IMERG

CLAIME

STELED

Answer here: A

Yesterday's Jumble: TWICE RAPID AVEIGH FLAGON

Answer: What that guy who acted like a skunk hoped that nobody would get— WIND OF IT

WEATHER

Table with weather forecasts for Europe, Asia, Africa, Latin America, North America, Middle East, and Oceania.

World Stock Markets table showing closing prices for various countries including Amsterdam, London, Paris, Frankfurt, Zurich, and Tokyo.

BOOKS

JAGUARS RIPPED MY FLESH: Adventure Is a Risky Business

By Tim Cahill. 306 pages. \$8.95. Bantam Books Inc., 666 Fifth Avenue, New York, N. Y. 10103. Reviewed by Dennis Drabell

REVERENCE is a specialty of Tim Cahill's generation, and he ranks among its species. One of the writers who helped Rolling Stone's Jani Warner launch Outside magazine in 1976, Cahill generally steps into the outdoors with tongue in or near cheek, as the title of his new book suggests.

The funniest pieces in this collection from the pages of Outside, Geo and other magazines constitute what might be called the Tim Tris Sequence. Rock-climbing, hang-gliding, parachute-jumping, ballooning, cave-exploring, hurricane-eye-flying (as a passenger, not a pilot), Cahill just says yes to them all. He portrays his editors as a mass of knee-slapping sadists whose chief pleasure in life consists of leading him in some over-the-top, terrorizing soup.

When lifts these pieces above the level of counterpane high jinks is the quality of Cahill's prose and the depth of his knowledge. He can evoke natural phenomena as vividly as any writer I'm familiar with. This is from his sketch of the devastated earth near post-eruption Mount St. Helens: "The color below is constant, a combination of the brown of the mud and of the black and the yellow-white of the ash. It is like no other color on the face of the earth, and it stretches, constant, from horizon to horizon. It insults the eyes, this color, and it will not allow the mind to fasten upon it. The color exudes a sense of horror; it is like looking at the corpse of a skinned animal."

His informed explanations of natural processes include why trees split in the bitter cold of a Yellowstone winter (the sap inside them expands when frozen) and how turtles probably evolved ("from a marsh-dwelling lizard that hunched its shoulders forward, protecting its head with hard scales, in case of attack"). The turtle essay, "The Shame of Escobillo," is indeed the book's soul — one of the most effective examples of environmental reporting ever published. Here we see a somber Cahill — no jiving, no mugging — on a visit to a Mexican beach where a local grandee has built a hatchery to save the Olive Ridley sea turtle. Or, as it seems, as Cahill stays on the scene, missing his plane home, probing more deeply, certain anomalies crop up. The number of

female turtles hitting the beach for egg sessions has been plummeting in recent years. The hatchery tubs are in use only on the camera crew shows up to film the opening and the bill of slaughtered turtles at the out back suggests a quite different picture. Money unclothes some turtles, and Cahill realizes he is dealing with a slaughterer, despite. Although the jury is still out on whether the Olive Ridley will recover from butchery, the species undoubtedly has a chance thanks to Cahill's article.

Dennis Drabell, a Washington writer, has this review for The Washington Post.

BEST SELLERS

This list is based on data compiled by Bowker, Inc. throughout the United States. Works on list are not consecutive.

- THE PRESUMED INNOCENT, by Susan Trow
PATRIOT GAMES, by Tom Clancy
LEGACY, by James A. Michener
SARUM, by Edward Rieu
MISERY, by Stephen King
FREEDOM, by William Safire
BELOVED, by Toni Morrison
WEST MO MOUNTAIN LADY, by Mary Higgins Clark
DIRK GENTLY'S HOLISTIC DETROIT, by Michael Chabon
THE SCORCHING OF BEAN CHERRY, by Robert Coover
THE FIVE BELLS AND BLADEBOND, by Martin Green
THE PRINCE OF TIDES, by Pat Conroy
THE SCORCHING OF BEAN CHERRY, by Robert Coover
POSTCARDS FROM THE EDGE, by Carrie Fisher
THE NEW REBEL, by E.L. Godkin
THE HAUNTED MESA, by Louis L'Amour

Solution to Previous Puzzle: BASS LETUP EDHA, OLLA DROND TROT, STILL WATER HIRT, HEPALISE CHANDU, DARE THIRK, ASTOR RAH HEWER, MARION LOST AVE, AXEL OPERA PTAS, ZOA ANDR TALEHT, ENDED ETH TERSE, WRIST ELLA, SPARTA TREASURE, IOTA SHEARWATER, GLEN HELD HATS, HERD ALADY TRE

BRIDGE

By Alan Truscott

ANYONE who wishes to raise money for a charity should consider following a recent English example. An accounting group was host of a bridge tournament to which 100 senior financial executives were invited, and generated more than \$16,000 for the Princes' Trust, which is headed by the Prince of Wales, and was established in 1976 to provide assistance to Britain's disadvantaged youth. Many of the financiers who bid to six spades on the diagrammed deal survived a slight misplay. The auction shows a solution to a familiar bidding problem: how to raise a major suit opening with balanced distribution and opening values. The English style is to bid another suit and then jump to

game, the "delayed game"

by discarding the diamonds. The declarer cannot afford to misplay West to gain the lead and play the declarer's

Table with financial data and stock market information, including sections for Toronto, London, and other markets.

WORLD STOCKS INDEX: High Low, various market indices and closing prices.

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SPORTS

Twins and Giants Win Western Division Pennants

NEW YORK — The Minnesota Twins and the San Francisco Giants clinched their first divisional titles since 1970 and 1971, respectively, with victories Monday night in Arlington, Texas, Steve Lombarzozi, a career .188 hitter against...

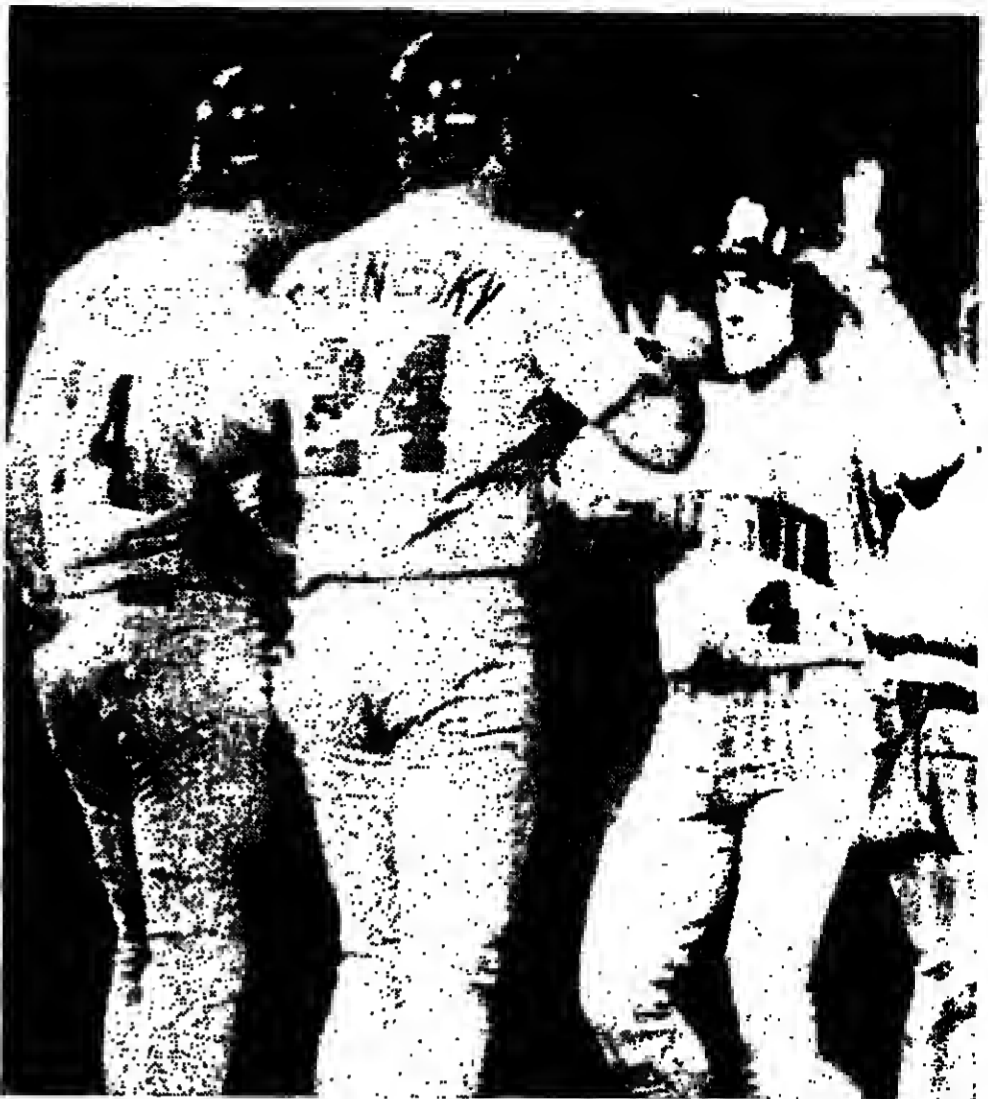
The winners' Jeffrey Leonard and Cliff Davis both pinch-hit home runs — No. 100 lifetime for each. After outfielders Davis and Leonard allowed Benito Santiago's routine fly to fall between them for a triple that tied the score, 4-4, in the seventh, Robinson led off the eighth with his homer on a 1-2 pitch from reliever Lance McCullers.

BASEBALL ROUNDUP

seventh, Robinson led off the eighth with his homer on a 1-2 pitch from reliever Lance McCullers. Before tripling, Santiago beat out an infield single in the second, extending his hitting streak to 30 games, the record for a rookie.

ton, Terry Puhl hit a bases-loaded homer, and Glenn Davis also drove in four runs to lead the Astro rout in Los Angeles. Puhl had four hits and Davis three, including a three-run homer. Jim Deshaies (11-6) won for the first time since Aug. 16.

Brewers 6, Blue Jays 4: In the American League, in Toronto, Dale Sveum's bases-loaded double keyed a four-run fifth that carried Milwaukee Limited to five hits, the Blue Jays nonetheless stayed 2 1/2 games ahead of Detroit in the American League East.



Steve Lombarzozi, right, high-fived by Minnesota teammates after his fourth-inning home run.

At the Season's Turn, the Heat's Turned Up

LONDON — Europe is back on its feet, but from Naples to Glasgow things are approaching the boiling point. I'm not discussing the weather...

Souness, a player-manager whose great wealth of talent and experience has boiled down to two long stretches of suspension in his 35th year. Souness is currently banned from Scottish League games, but leads by example in Europe.



The injury-beset Igor Belanov (right, after a World Cup goal against Belgium): Will Dynamo Kiev risk him in Glasgow?

and those of us who do are, prudently, a lost generation. So perhaps we should let players on with their war games? Better than the real thing. Or perhaps should denounce this callous interpretation of sport, with its pretense to public order and its acceptance of cheating.

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His uncompromising tactic in Kiev was to stop Soviet ballplayers from playing ball. "They are not likely to go through us," he boasted.

No one entertains the thought that "radioactivity" from nearby Chernobyl has left any debilitating legacy (although lambd thousands of miles away in Wales are supposedly contaminated).

having won by 2-1 at home, they can go to the medieval town of Bergamo in the foothills of the Alps and finish off Atalanta. Not by kicking, but by crudity, but by skill and by will.

winger whose real-life role is driving trucks. "We were all full of pop and orange juice, but this is our big chance, you understand?"

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Even half-fit, he might be the rapier to cut through Glasgow, whose rearguard is fierce but not fast. Dare Kiev risk him? The alternative is Oleg Blokhin, still quick but reduced to bursts as he nears 36.

Of course, there must be sacrifice: "None of us had a drop of alcohol for four days," says Cecil Williams, a

players understand now that free agency is just as important as the pension. I think they understand the whole process better."

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But it appears there are a number of players who disagree with the union's emphasis on unrestricted free agency, which would allow players to move more freely to other teams at some point in their careers.

Williams, a 12-year veteran, told the Cincinnati Post: "If the Cincinnati Bengals are lining up to play a game that counts in the standings and toward the Super Bowl, I plan to be there."

Uplshaw met with players from West Coast teams on Sunday in Los Angeles, then went to Chicago where he met with representatives from the Midwestern teams Monday. He met with players in Atlanta and New York Tuesday.

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But many players, some previously undecided, indicated they support the union position and are prepared to stay out as long as necessary.

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Swiss Runner Barred 2 Years For Drug Use

LONDON — Runner Sandra Gasser of Switzerland failed a test for steroids at last month's world track championships and has been barred from international competition for two years, including next summer's Olympics, it was announced Tuesday.

SCOREBOARD

Football

Table with columns for U.S. College Top 20s and Monday's Major League Line Scores. Includes team names, scores, and statistics.

Baseball

Table with columns for U.S. College Top 20s and Monday's Major League Line Scores. Includes team names, scores, and statistics.

Transition

AMERICAN LEAGUE: Baltimore 7, Toronto 1; Detroit 6, Cleveland 3; Kansas City 4, Chicago 2; Oakland 5, Seattle 1; Texas 3, Houston 2; California 4, Los Angeles 1; Milwaukee 3, St. Louis 1; Minnesota 2, New York 1; Philadelphia 3, Pittsburgh 1; Washington 4, Boston 1.

Some Cracks Are Showing in NFL Strike Solidarity

WASHINGTON — Day Seven of the National Football League strike found management and labor no closer to settlement or even at the bargaining table. But it did find union chief Gene Upshaw traveling around the country to meet with striking players, some of whom questioned him about the union's position on free agency.

San Francisco receiver Dwight Clark said his team told Uplshaw it did not support a strong stand on free agency. "We tried to convince Gene that free agency shouldn't be the main issue of the strike," he said. "We told him to take that and trade it for something we want. A lot of players don't want to stay out if free agency is the issue. They're losing too much money. I don't think we'll get free agency — that's the way everyone feels."

Clark, quarterback Joe Montana and kicker Ray Wersching have said they are considering crossing the picket line to play. New England's Clayborn sounded even more impatient. "I'm getting very restless," he said. "I want to know what's going on. If the negotiators that they have now can't get the thing done, maybe we should bring in a whole new crew on both sides. We went out for 57 days in 1982 and got what we were offered before we went out. There's nowhere near as much solidarity as there was in 1982."

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Public Favors The Owners

WASHINGTON — A national opinion survey shows Americans overwhelmingly siding with the owners rather than the players in the current National Football League contract dispute.

European Soccer

CHICAGO — Edward working agreements with Vancouver of the Pacific Coast League, South Bend of the Midwest League, Tampa of the Florida State League and the New York-Penn League.

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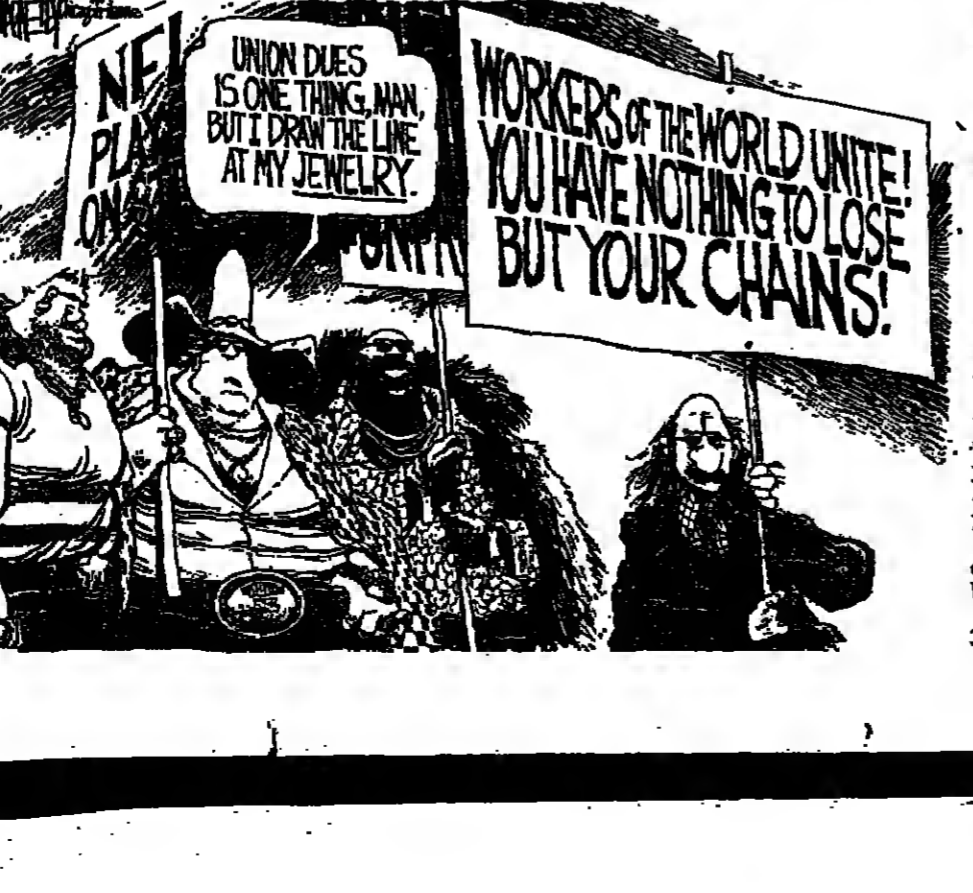
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Advertisement for Blancpain watches. Features a large image of a Blancpain watch and text: 'Since 1735 the oldest name in Swiss watchmaking. But don't expect to find a quartz in a Blancpain watch. You won't. And you never will. david morris 25 Conduit Street, London W1. Tel. 01-492 2200'"/>

OBSERVER

Also-Rans Dream Too

By Russell Baker
NEW YORK — In 1944 I played tackle on my platoon football team at the Naval Preflight School...

Now is a big dose of good old Ohio State gridiron know-how. I am reminded of all this by the professional football owners' decision to fight the players strike...

I had signed up to shoot America's enemies in the sky, not to be mangled by my countrymen. When strategy called for sending the Ohio behemoth toward my side of the line, I dived shamelessly for shelter.

Later I heard it said that football builds character. Nonsense. What football builds is survival skill.

Nature has so few favorites, and the difference between them and those who aren't quite good enough is such a tiny difference. A fraction too slow of foot or too slow of mind...

The big fullback resulted from a Navy plot to turn its preflight schools into football factories comparable to the state universities.

It must be hard not to die yourself, not to say, "The coaches didn't give me a fair shot," or "I just got a bad break," or "I didn't get enough time to show what I can do."

As a result, many good college players were unable to make the teams and were reduced to playing gym-class games with a lot of people so innocent of football that they couldn't even see what it had to do with flying airplanes.

In an intensely competitive business it is hard to concede that you are just not quite good enough to give the grade. So the football owners easily find enough dreamers, along with natural goons and guys who need the money...

There must have been nights when he prayed somebody on the big team would be so badly mangled that the coach, needing a replacement, would have to come back in hand, pleading just a little: "The only thing that can save the team"

Georgia Brown Bounces Back

By Jeremy Gerard
New York Times Service

NEW YORK — Almost 24 years after her Broadway debut in "Oliver!" Georgia Brown is back in a slam, coddling and cajoling a ragamuffin gaggle of incorrigible street urchins.

Brown, born Lillian Klot 53 years ago in the East End of London, is fiercely devoted to the art of survivorship — a trait she traces to her father, a rag-trade laborer and bookmaker...

With all those people competing for attention, perhaps it was inevitable that Brown would seek the spotlight. On the contrary, she never felt lost in the crowd. "I loved it," she said. "My grandmother's kitchen was as big as this room, and we were all in it at Pesach (Passover). We danced on the table."

"My grandmother had a gas stove not much bigger than the one on the stage, and she cooked each kid a different lunch, whatever they wanted. I remember on Friday nights, after every shabbos, she would sit outside the house, with her apron on like this, calling for the hungry. She was my center. She was so strong; in the midst of all the madness, she controlled it all."

"I knew that very glamorous, sexy, uniquely bright presence, Prince said of Brown as Nancy. She was sort of like Sophia Loren." In 1977, when Prince hired her as a replacement in Stephen Sondheim's "Side by Side," he promised to find a major role for her. "Several decades older and wild-n-haired but never broken of spirit... 'This is Georgia,' he said."

"When I realized she had done this part well, I didn't want to see the film. But when we went to Los Angeles, there it was. As a teen-ager, she made the rounds of dance halls and cabarets, singing bluesy ballads and dancing with her neighbor and friend, Vidal Sassoon. In 1955,



Hal Prince coaching Georgia Brown for "Roza." (Photo: Martha Swapp)

she played Lucy in "The Three Penny Opera" at the Royal Court Theatre, and in 1957 followed Beatrice Arthur in the part in the off-Broadway production. Then she originated the role of Nancy in the 1960 London production of "Oliver!" and brought it to Broadway three years later.

know how to approach American television, and I can't audition — at a certain point in British actor's careers, you take a meeting, but you don't audition." In 1979, she starred with Cesare Sisti in the musical, "Carmelina." The show closed after 17 performances. Steven Berkoff's "Greek," in which she appeared, wasn't received much more fondly, though Brown was her solo show, "Georgia Brown and Friends," was also warmly received.

Richard Gere and Tibbet

In an unlikely pairing of East and West, the actor Richard Gere greeted the 14th Dalai Lama of Tibet at a reception to announce plans for the creation of a center for Tibetan culture in New York as the Dalai Lama, spiritual leader of six million Tibetan Buddhists, wound up a 10-day tour of the United States.

King Juan Carlos I and Sophia of Spain met with the surgeon Dr. Medo del Delbal toward the Texas Medical Center on Monday during their first stop on the Southwest United States tour. "He's not a king, He doesn't wear a crown on," pronounced 3-year-old Andy Parr of Houston while King and queen entered a play at M.D. Anderson Hospital.

A \$1 million benefit for AIDS victims, featuring Angela Lansbury, Oprah Winfrey and a host of other celebrities, drew more than 3,000 people. In the past year, I have lost five people close to my life from that same illness. Lansbury told the crowd: "It has and will touch every man, woman and child throughout the country." The benefit was dedicated to Fritz Holt, a Broadway producer who helped organize it before he died of acquired immune deficiency syndrome last summer.

CAYM For further more information appears in the form

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